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SEPTEMBER 1991

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44TH ANNUAL CONSUMER EXPENDITURES STUDY

TOTAL SALES HIT $338.9 BILLION

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SUPERMARKET BUSINESS

SEPTEMBER
1991

VOLUME 46
NUMBER 9

page 47

44TH ANNUAL CONSUMER EXPENDITURES STUDY

Sales reached $338.9 billion in 1990, up just 2.8% over the previous year. Taking into account the CPI increase of 4.5%, the market is essentially flat. But at least supermarkets haven't suffered from recession the way other retailers have. 47

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Do they or don't they really care about environmental issues when it comes to convenience packaging? That's the question supermarkets are asking in regard to consumer concerns about their deli and foodservice operations. So far, the answers are mixed.

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Cover Photo: David DiMicco
Props: Del D. H. Allison

IT'S SOAPBOX TIME

By Ken Partch, Editor-In-Chief

I am well aware that soap no longer comes in a box, any more than does American cheese. In these days of "green" consciousness, that would be gross over-packaging. But with Labor Day coming up as I take quill in hand to punch the keys of my PC, I have a right to use the metaphor.

The subject of this soapbox lecture is double coupons. To begin:

Breathes there the man with soul so dead, who never to himself hath said ... This business of everybody in a market with double coupons is nuts.

Somebody once asked me in all seriousness, "How do you get out of double coupons?" I resisted saying: "By not getting into them," because I didn't want to sound like a morals-thumping teetotaler to a drinker.

Today I would say, "The same way that Gorbachev got out of the Communist Party. By simply doing it." There's really no other way. To double coupons, just say, No.

How many of you out there remember the Great Stamp Wars of Denver, and other places, when supermarkets began offering double and triple trading stamps on Wednesday? Is that a fair analogy to today's use of double and triple coupons?

In other words, when everyone is using the same promotional tool, it is hardly an effective promotional tool, and is therefore nothing but a rather expensive additional cost of doing business. Roughly one to two percent of sales, or more...which, let's be clear about it, the consumer pays without being asked. The only ones who really benefited from the stamp wars were the stamp companies.

And now, with the end of Summer, and the potential return to important spending, my mailbox and my living room floor seem to be multiplying those slick little inserts and packs of coupons all on their own. They are increasing in number at a greater rate, even, than coat-hangers from the cleaners. I can't spend them fast enough. I am buying things I don't even want, and saving money hand over fist.

But hark! Is that a distant trumpet? No, it's the doorbell. It is the doorbell that rings twice, because the postman is there. He has brought a message by Express Mail. It is my West Coast correspondent with a message that Albertson's has decided to go straight, and to take the narrow and righteous path of everyday low prices. The company has also mounted a clever little T.V. ad campaign to make announcement of its return to sobriety.

Are double coupons curing your headache, or giving you one?

Here's what the Western Edition of ADWEEK had to say about Albertson's move: "With simple ads that are little more than title cards with sound effects, (Albertson's ads) illustrate the negatives of coupon shopping.

"One spot jabs at double-couponed shampoos as a woman shrieks on the soundtrack—ostensibly at her new image. And the title card says: 'Like the shampoo you got with double coupons?' Then there's the sound of a snarling dog, reacting to the pet food bought with double coupons. One hits really hard with a family warily eyeing a plate of smoking coupons, with the card that says: 'You can't feed a family on double coupons.'"

Well, with the number of coupons out there, I am not so sure you can't—if you've got the money.

Albertson's in Southern California is in the catbird seat, as Red Barber of the old *Brooklyn* Dodgers used to say. With most of the competition involved in LBO's and double coupons, Albertson's could be making a strong move toward improving its market share. It is also positioning itself well for the expected entry of Smith's Food and Drug to the market later this year.

But Southern California is not the only "double coupon market," so to speak. Much of New England is in one of the worst recessions in history, and much of New England is also dominated by double couponing. Wouldn't it make sense for one of the New England operators to say: "We want to cut costs in every way, and we want to pass along all the savings available in this market. The only way we can do this honestly and fairly is by eliminating double or triple coupons and offering you everyday low prices."

It is also fair to say that the people who need low prices most are not always the people who are easily reached by coupon offers.

Holding on to that little thought, here's an idea you might try on that manufacturer who wants to "partner" with you. It could be a revolution ... in marketing technology, at least.

Why not scan all the manufacturer coupons in your market right into your PLU file, and then automatically deduct the coupon value from the price whenever a customer buys the product, with or without the coupon? After all, several retailers are doing just that with their store coupons right now, along with their frequent shopper cards.

For proof of purchase, just show the manufacturer your tape records and invoices. After all, your partner will believe you, or what's a partner for? If he wants to do a count and recount, what's the problem? After all, the purpose of coupons is to move goods—or is it? This idea still needs a little work, but ... ■

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44 ANNUAL

CONSUMER EXPENDITURES STUDY

BY DAVID LITWAK AND JANET TORRES CEPEDA

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The good news is that even in a sluggish economy, the food industry was able to pull off what others couldn't get away with—raising prices, and still selling product ... at least enough product to stay (well, almost) even.

In 1990, it was certainly better to be a supermarket operator than a banker or an auto dealer.

But it was hardly a golden year—the grocery industry did not escape the impact of a slump in the economy. Dollars spent in the nation's supermarkets and grocery stores went up slightly, but tonnage went down.

The "macro" picture shows a continuation in the slow-but-steady erosion in the total number of U.S. grocery stores: Roughly 145,000 grocery stores were operating in 1990; some 2,000 fewer than in 1989. Predictably, the drop was for the most part in the number of very small "mom & pop" operations.

By contrast, the number of supermarkets (i.e., grocery stores doing $2 million or more) grew, as did their average volume. In 1990, there were 30,750 supermarkets, up by about 50 stores from 1989's total. On average, each supermarket rang up $8.6 million in 1990. That's a very respectable $250,000 average increase over average 1989 supermarket sales.

As in previous years, the 1991 Consumer Expenditures Study details how thoroughly supermarkets dominate U.S. grocery store sales. Of all food purchased for at-home consumption, more than 73% is bought from a supermarket.

This is a percentage that has not changed appreciably in recent times. But supermarkets can't afford to be complacent. Rapid growth of the specialty food industry, for example, suggests that the supermarket industry is still leaving money on the table.

With just $23.5 billion in sales, specialty food stores are as yet but a gnat buzzing around the ears of a giant. Still, their 18.1% growth rate (see below) suggests that harried consumers are finding something there that's worth an extra trip. Hence, more watching and analyzing of the specialty store's niche in the consumer's mind can only help supermarkets better respond to the wants and needs of today's market.

Running Harder, Staying Even

That's just one conclusion that may be drawn from data presented in the 44th Annual

There may be even better news: For several reasons, Supermarket Business's independent research suggests that 1990 total grocery sales were probably even higher than the $338 billion officially reported by Commerce.

Consumer Expenditures Study. Another is that, as has been the case recently, the industry is running harder than ever just to stay even.

Sales through grocery outlets reached $338.8 billion in 1990, according to the U.S. Department of Commerce. This was a new record for grocery sales, but was disappointing in that it represented a bare 2.8% increase over 1989 sales. This rate of increase was lower than in previous years.

Moreover, that 2.8% sales increase was accompanied by a rise in prices: The Bureau of Labor Statistics reports that the Consumer Price Index for food at home rose 4.5% during 1990. So in fact, any dollar sales increase in grocery stores was merely a reflection of increased prices: Tonnage actually dropped 1.7% in 1990. The bottom line: We're selling less product, but getting a little more money for it.

The silver lining in this somewhat gray cloud is that, despite a sluggish economy, the food industry was able to do what housing, the auto industry and others couldn't: raise prices, and still continue to sell product ... at least enough product to stay even.

Total Sales Understated?

There may be other good news—our own research suggests that 1990 grocery sales may have been higher than the $338 billion reported by Commerce: Total sales of food and nonfood items that we can account for, i.e., assign to an individual product category, were $333 billion in 1990, or an increase of 4.7% over 1989 sales of those same categories.

These product categories, which number over 700, account for 96.4% of Commerce's total. Our question is: How can the industry's 1990 increase be just 2.8% ... when the categories making up 96% of the industry showed an increase of 4.7%?

Further indication that the Commerce Department may have understated food industry growth: The dollar difference between our total-sales figure for these 700-plus categories and total industry sales per Commerce is usually around $12 billion. But for 1990, the difference was less than $6 billion. If the past is any guide, this means that the figure for the total industry is probably $5 or $6 billion off.

Yet another indication of possible under-estimation of total grocery store sales is that 78% of the total is done by supermarkets ... which increased 3.4% last year. Again, it's unlikely that total industry sales grew just 2.8%, when the part of the industry that contributes 78% of the total increased 3.4%.

If, as seems evident, Commerce's figure for total grocery

Methodology

The 44th Annual Consumer Expenditures Study (CES represents a concerted effort of individuals and firms from all facets of the food retailing industry. Drawing on the methodological tradition of 43 studies, the 44th annual study has brought together literally hundreds of sources, from companies that are household names, to those that are acknowledged as leaders within a specific segment of our industry.

The content of the CES is derived from input into each of the 700-plus categories by the leading manufacturers, processors, packers and marketers of those categories. Additional information on each category is gathered from management companies, advertising agencies, market research firms, trade associations and wholesalers and retailers of the products.

The methodology used is varied, ranging from the tried-and-true methods of mail and telephone surveys, to old-fashioned book research into secondary sources, to the use of scanning data.

Initially, respondents in each category are sent a questionnaire about that category. Respondents to our questionnaire are supplied with sales estimates from the 43rd Annual CES (1989) for the product lines in which they specialize. We ask them to indicate the percentage change in retail sales for these products in all outlets and through grocery stores alone. It should be stressed that we ask them to supply *industrywide* figures, and not their own sales figures. They also have the option to adjust previous sales figures according to their knowledge of the market.

Once these responses are recorded, they are verified by referring to any number of secondary sources, and retail scanning data. Wherever possible, each figure is cross-checked, even if the response comes from a marketer who has a 75% share of a category.

The result of all this is the consolidation of information into one set of numbers representing the percentage change in the total domestic, grocery and supermarket sales from 1989 to 1990, which is then applied to the 1989 base figure or, if situations warrant, a revised 1989 base figure.

Wherever the 1989 sales of a category or department have been revised, a footnote appears explaining the revision.

Our Definitions of Grocery Stores

To assist with interpretation of our findings, definitions of terms used in this report are given below:

Supermarket: Complete, full-line self-service and partial service food market, with annual sales of at least $2 million.

Superette: Self-service or service food store handling groceries, meats and produce, with annual sales of $1 million to $2 million.

Convenience Store: Small food stores, usually open extended hours and selling a limited line of fast-moving items.

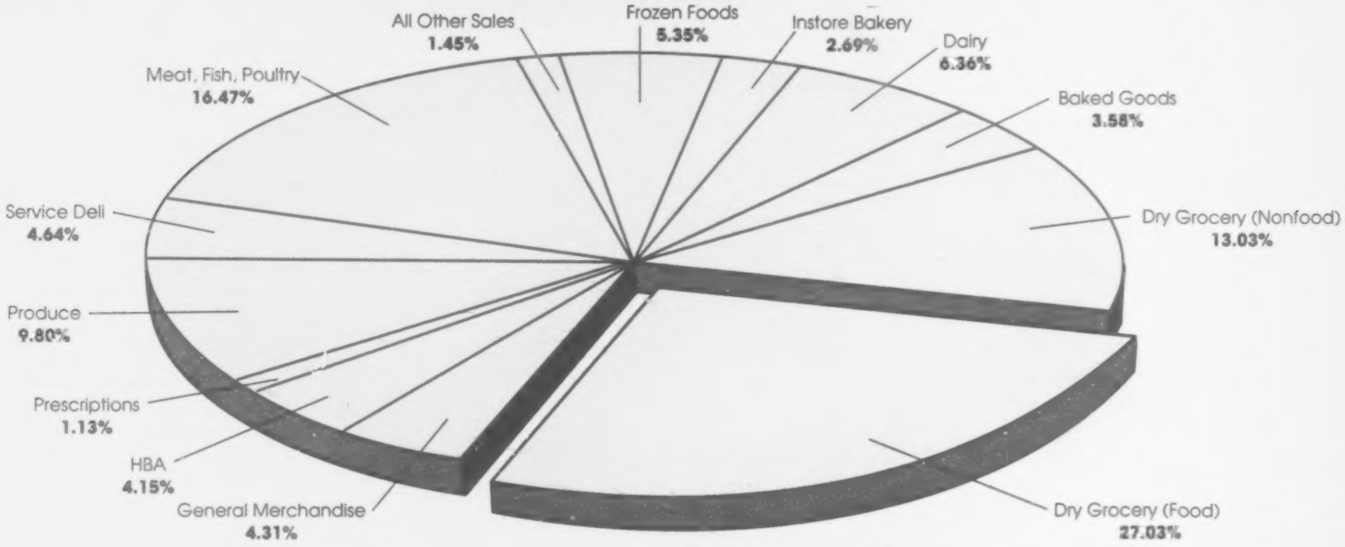
Specialty Store: Store whose primary line may be meat, dairy, produce, drug or general merchandise.

All Other Food Stores: Small (less than $1 million annual sales) general food stores, or food stores not classified above.

Chain: An operation of 11 or more retail food stores, regardless of individual dollar volume.

HIGHLIGHTS

Total Supermarket† Sales Increased 3.4% in 1990



Source: 1991 Supermarket Business—Consumer Expenditures Study

sales is about $5 billion too low, then actual industry sales for 1990 would be some $343 billion. Thus, the increase in grocery sales for 1990 would actually be 4.3%.

Even so—which is to say assuming a dollar sales increase of 4.3%—the grocery industry lost volume in 1990 ... albeit just 0.2% compared to the 1.7% loss implied by the Commerce figure. But again, while any tonnage loss is worthy of concern, the actual loss is less than would be deduced from Commerce reports.

Other Trades Sluggish, too

It may be of some small comfort to know the degree to which we're not alone: Other retail industries also took their lumps in 1990: here are some specifics: Building supply/hardware stores slipped slightly (-.01%). Other industries gained ... but just barely: motor vehicle dealers (1.0%); furnishing and appliances (3.6%); restaurants (3.6%); and liquor stores (3.8%).

Then there are those industries we love to hate, industries whose sales actually seem to be buoyed by the leaden economy bogging down the rest of us: Drug stores rose 12.1%. (Did all those economic headaches send us running for pain relief?) As mentioned above, specialty food stores were up significantly. They, in fact, posted the highest increase of any retail sector,

Weekly Spending in Supermarkets† $55.43 per Household

	1990		1989	
Population	**248.7 Million**[1]		**248.8 Million**[2]	
Household	**91.9 Million**[1]		**92.9 Million**[2]	
	ANNUAL	**WEEK**	**ANNUAL**	**WEEK**
PERISHABLES				
Per Capita	$ 520.89	$10.01	$ 491.96	$ 9.46
Per Household	$1,423.58	$27.37	$1,317.56	$23.34
DRY GROCERY (FOOD)				
Per Capita	287.96	5.53	270.06	5.35
Per Household	786.99	15.13	744.70	14.32
TOTAL FOODS				
Per Capita	$ 808.85	$15.55	$ 762.02	$14.81
Per Household	$2,210.57	$42.51	$2,062.26	$37.66
DRY GROCERY (NONFOOD)				
Per Capita	138.76	2.66	132.85	2.55
Per Household	379.24	7.29	355.80	6.84
GENERAL MERCHANDISE/HBA				
Per Capita	102.18	1.96	96.29	1.85
Per Household	279.27	5.37	257.89	4.96
GRAND TOTAL*				
Per Capita	$1,065.28	$20.48	$1,029.86	$19.81
Per Household	$2,882.86	$55.43	$2,758.13	$53.04

NOTE: Population and household data are from U.S. Bureau of the Census. Includes one-person households. Excludes armed forces overseas. Sales figures are from 1991 CES.

*Total includes merchandise sales not classified above.
†Supermarkets are defined as grocery stores with annual sales of over $2 million.
[1] Actual Figures from 1990 U.S. Census Estimate. [2] Pre-Census Estimate.

The supermarket was, more than ever in 1990, a food store. Together, perishables and dry grocery-food products make up almost 76% of all supermarket sales. Perishables is the biggest store department, with 48.9% of the store's sales. Meat is still the biggest selling single section in the store, with over 16% of sales.

Taken as a whole department, dry grocery-foods accounts for 27% of supermarket sales. This hasn't changed in the past year; all the growth in food's share of sales comes from perishables.

The three nonfoods sections—dry grocery, HBA and GM—account for just over 21% of sales.

The average American household spent $2,882 in the supermarket last year, up from $2,758 the year before. This translates to $55.43 per week in 1990, vs. $53.04 in 1989. It is estimated that each individual spent an average $20.48 per week in a supermarket in 1990.

One peculiarity in this year's data: By the numbers, the U.S. population would appear to be shrinking. That's because the 1990 number is an actual figure from the Census taken last year, while the 1989 figure was *estimated* from projections of the 1980 Census. Figures for both years come from the U.S. Census Department.

HIGHLIGHTS

up 18.1% (If we can't travel to Europe this year, at least we can eat like we're there.) Gasoline stations rose 14.2% … though of course price increases had a hand in boosting dollar sales in this sector especially.

But all in all, industries that did well last year were outnumbered by those showing marginal or no growth during 1990. Effects of the slumping economy were felt all across American retailing. And the impact was, in turn, passed down through the networks of industrial suppliers, transporters and support services.

As suggested above, the other part of the food equation—restaurants and foodservice establishments—fared no better than supermarkets. Again, dollar sales increased 3.6% in 1990. But because prices went up 4.7% during the same period, the net-net in terms of volume was a loss of 1.1%.

Foodservice Competition: Stalemated

As for class-of-trade competition, the score in the battle for the consumer's food dollar changed not a whit in 1990. Supermarkets, grocery stores and specialty food stores still accounted for 66.8% of food sales; restaurants and institutional foodservice outlets still accounted for 33.2%. These percentages are exactly the same as they were in 1989.

Indeed, with a total $542 billion in annual U.S. food sales, it takes a large change in dollar sales to affect the percentage coming from either the grocery or foodservice industries. Last year, with each sector hanging on tenaciously, doing everything it could think of to protect and enhance its share of an anemic market, there was little chance for either the supermarket side or the foodservice side to gain percentage points.

Yet, foodservice remains a bright spot for supermarkets in the battle for consumer food dollars: Among departments that saw the largest increases in sales last year were those that compete most directly with restaurants and other foodservice purveyors.

Sales for service deli, which contains most of the supermarket foodservice components, were up 10.4% last year. Instore bakery sales rose 7.2%. Further, if we break out from these departments just those foods that truly are foodservice—which is to say, "take-out" prepared foods—we see that these products posted a significant increase of 22%. And in other departments such as meat and seafood, sales of prepared or semi-prepared dishes also jumped last year.

Perishables, too, continued their

How an Average Household Doles Out Its Dollars In Grocery Stores Each Week

	1990	1989	Change
PERISHABLES			
Baked goods	$ 2.67	$ 2.58	+ 0.7%
Dairy	4.95	4.64	+ 0.4
Frozen foods	3.43	3.28	+ 0.6
Fresh meat and provisions	8.62	8.41	+ 2.5
Fresh fish	.77	.75	+ 1.3
Fresh poultry	1.98	1.88	+ 0.5
Produce	6.77	6.00	+ 0.3
Instore bakery	1.46	1.36	+ 1.4
Instore deli	2.75	2.29	+ 1.1
Total	**$33.40**	**$31.19**	**+ 7.1%**
DRY GROCERY (FOOD)			
Beer	$ 3.45	$ 3.30	+ 4.5%
Wine, liquor, coolers	.59	.59	0.0
Baby food	.56	.48	+16.7
Breakfast foods	1.70	1.58	+ 7.6
Candy and chewing gum	.78	.74	+ 5.4
Canned foods			
Fruits	.37	.36	+ 2.8
Juices and drinks	.93	.87	+ 6.9
Meat and poultry	.28	.29	- 3.6
Milk	.08	.10	-25.0
Seafood & fish	.40	.42	- 5.0
Soups	.59	.40	+47.5
Vegetables	.69	.69	0.0
Prepared drinks	1.50	1.53	- 0.2
Dried foods	.71	.66	+ 7.6
Jams, jellies and preserves	.45	.45	
Pasta	.29	.27	+ 7.4
Desserts	.13	.12	+ 8.3
Soft drinks	2.28	2.14	+ 6.5
Sugar	.33	.32	+ 3.1
Miscellaneous	4.24	4.14	+ 2.4
Total	**$20.37**	**$19.45**	**+ 4.7%**
Total Foods	**$53.77**	**$50.64**	**+ 6.2%**
DRY GROCERY (NONFOOD)			
Paper goods	$ 2.55	$ 2.44	+ 4.5%
Soaps, detergents	1.26	1.22	+ 3.3
All other household supplies	1.27	1.35	- 5.9
Pet foods	1.30	1.28	+ 1.6
Tobacco products	3.30	2.97	+11.1
Total	**$ 9.70**	**$ 9.26**	**+4.7%**
GENERAL MERCHANDISE/HBA			
Health and beauty aids (nonprescription)	$ 2.84	$ 2.72	+ 4.4%
Prescriptions	.63	.56	+12.5
Housewares	.28	.26	+ 7.7
All other general merchandise	2.84	2.28	+24.6
Total	**$ 6.23**	**$ 5.82**	**+ 7.0%**
All other sales NCE	$1.21	$ 2.53	-48.0%
GRAND TOTAL	**$70.91**	**$68.25**	**+ 3.9%**

Source: 1991 CES

Consumers spent more in every department in the supermarket last year than ever before. The weekly household expenditure of $70.91, when broken down by department and major category, reflects increases in spending in virtually all areas of the store.

The largest increase in weekly spending came in the perishables department, which saw a 7.1% rise. Each week the average household spends $33.40 on perishables, far more than in any other department.

The GM and HBA departments combined also saw a 7.0% increase in the amount spent on their products each week (now $6.23). A 4.7% increase was achieved by the dry grocery-nonfoods department, bringing its weekly household tally to $9.70.

The dry grocery food section saw its weekly household sales grow 4.7% to a total of $20.37. Canned soup's share of weekly spending increased a whopping 47.5% last year—this was the largest percentage gain in the store. Baby foods (+16.7%) and desserts (+8.3%) were also big gainers in spending in the department. Canned milk (-25.0%) and canned seafood/fish (-5.0%) were the big losers in the weekly shopping trips.

Once again, prescription drugs drew in big increases in weekly spending. Their 12.5% gain brought their weekly total up to $0.63. High drug prices and a larger prescription base in supermarkets brought about this increase.

HIGHLIGHTS

Food Store Sales—By Store Volume

	SALES (000) 1990	SALES (000) 1989	PERCENT OF VOLUME 1990	PERCENT OF VOLUME 1989
SUPERMARKETS Over $2 million	$ 264,935,354	$ 256,230,075	73.1%	73.3%
SUPERETTES $1 million to $2 million	$ 21,753,816	$ 20,941,341	6.0	6.0
OTHER GROCERY STORES Under $1 million*	$ 52,167,830	$ 52,516,584	14.4	15.0
Total Grocery Stores	**$338,857,000**	**$329,688,000**	**93.5**	**94.3**
SPECIALTY FOOD STORES†	$ 23,477,000	$ 19,874,000	7.5	5.7
TOTAL FOOD STORES	**$362,334,000**	**$349,562,000**	**100.0%**	**100.0%**

* Includes convenience stores and other small grocery stores.

† Includes meat, seafood, fruit and vegetable markets, confectionary, bakery, deli and other food-stores.

Source: 1991 CES

Food Store Sales—By Affiliation

	SALES (000) 1990	PERCENT OF VOLUME 1990
INDEPENDENT GROCERY STORES	$ 50,489,693	12.9%
CHAIN GROCERY STORES*	$ 288,367,307	79.6
Total Grocery Stores	**$338,857,000**	**92.5**
SPECIALTY FOOD STORES	$ 23,477,000	7.5
TOTAL FOOD STORES	**$362,334,000**	**100.0%**

*Chains (11 or more stores)

Source: 1991 CES

Grocery Store Sales Trends: 1990*

NUMBER OF GROCERY STORES	145,000
Sales (000)	$338,857,000
Sales per Store	$ 2,338,945
"People" per Store	1,170
NUMBER OF GROCERY STORES	
Over $2 Million	30,750
$1 Million–$2 Million	11,600
$500,000–$1 Million	19,500
$500,000 or more	61,850
All Other	83,150
SALES (000)	
Over $2 Million	$264,935,354
$1 Million–$2 Million	$ 21,753,816
$500,000–$1 Million	$ 18,342,149
$500,000 or more	$305,031,319
All Other	$ 33,835,681
SALES PER STORE	
Over $2 Million	$ 8,615,784
$1 Million–$2 Million	$ 1,875,329
$500,000–$1 Million	$ 940,623
Less than $500,000	$ 406,803
CHAINS (11 OR MORE STORES)**	22,600
Total Sales (000)	$288,367,307
Sales per Store	$ 12,759,615
% of Total Sales	85.1%
ALL OTHER STORES**	122,400
Total Sales (000)	$ 50,489,693
Sales per Store	$ 412,498
% of Total Sales	14.9%

* Grocery store sales reported by U.S. Department of Commerce.

**Includes all grocery stores regardless of annual sales volume.

The nation's 30,750 supermarkets accounted for 73.1% of all retail food sales last year, far surpassing the sales of the nation's other 114,250 smaller grocery stores, convenience stores, and specialty food stores.

While annual sales of individual supermarkets range anywhere from $2 million to well over $100 million, the average unit brought in $8,615,784 in 1990. This was almost $300,000 higher than the year before.

seemingly steady, inexorable climb in share of total supermarket sales. Last year, perishables accounted for 48.9% of all supermarket sales, gaining better than a full point over their 47.8% 1989 share.

Most Perishables Post Gain

That gain is the result of healthy growth from most major categories within the perishables sector. Gains were seen, as cited above, in bakery and deli. In produce, the gain was 11.8%; in dairy, 5.7%. Fresh fish was up 2.6%. And a rebound in fresh meat, up 2.7%, also helped advance perishables' share to within striking distance of half the total store.

So while it grows in fits and starts, consumer interest in both health/nutrition and convenience does seem to be reflected in an increase in their purchase of perishables. The nutrition-based "eating light" trend has become somewhat ingrained in the nation's thinking ... at least in terms of what people know they *should* do. Thus, barring unforeseen developments, perishables will continue to grow in importance in years to come, with more new products, bigger sales, and greater share of store selling space.

The supermarket-vs.-restaurant battle for share was deadlocked—no change in the ratio was seen in 1990.

Indeed, for all the impressive new GM/HBA departments and new services such as video rental, foods' share of total store sales continues to gain on non-edibles' share. In total, food accounted for 75.9% of all supermarket sales in 1990. Propelled by the growth in perishables, this percentage represents an increase of more than one share point over 1989's 74.8% share.

Dry grocery-foods, for its part, neither gained nor lost share, remaining at 27% of total store. Within this category, only baby foods, up 14%, posted growth equivalent to that of perishables.

In fact, many main dry grocery-foods categories declined last year. Canned fish dropped 6.6%. Canned meats and specialty foods declined by 4.9%. Canned vegetables were off by 1.2%.

In fats and oils, health consciousness—or perhaps taste—appeared to be a factor: As a whole, the category was off by 0.2% in 1990. But olive oil was up 9.3%.

Coffee Drags Down Beverages

Another category coming up short was prepared drinks, which declined 3.2%. The blame for bringing down the sales of the entire group goes to its biggest component—coffee. Sales of coffee, which totalled almost $4.7 billion, were off 5.3%. Cocoa also contributed to the loss, down 9.5% of its 1989 sales.

On the non-edibles side, the contribution to store sales coming from household supplies remained stable last year at 13% of total store. Dollar sales of this department increased 3.6%, keeping pace with the rest of the store.

The biggest story in the dry grocery-nonfoods department was in tobacco: the category's increasing reliance on supermarkets to move product. Tobacco sales in super-

HIGHLIGHTS

markets and grocery stores increased 5.6% in 1990 … while total retail sales of tobacco products through all outlets rose just 2.7%. This represents a reversal: In 1989, tobacco's all-outlet growth outpaced that of tobacco sales by grocery stores.

In the biggest tobacco category, filter cigarettes, this trend is paralleled: Grocery growth was 6.5%; all-outlet growth was 3.4%

Indeed, almost half of all cigarette sales are now made by grocery outlets, with about 38% done by larger supermarkets.

As for nonfoods, it's clear that the halcyon days of large annual gains in HBA and GM are a thing of the past: Both departments are now so much a supermarket staple that they can no longer show the dramatic sales or share gains that came from their introduction as a whole new supermarket department. Instead, they increase along with the store itself.

Fat Increase in Diet Aids

But that's not to say the department was static. In 1990, two HBA categories stood out: Diet aids posted tremendous growth, increasing 25.4%. This was due to zooming sales of metered-calorie meals like Slim-Fast. As a group, these products increased 54.3% Much of this growth was precipitated by an increase in promotion and distribution of these products.

Of course, it wasn't all "plus" business—to a certain extent, the diet aids category borrowed from Peter to pay Paul: Many metered-calorie meal sales came at the expense of other products in the category (pills, candies, wafers), which collectively fell 18.3%

The other noteworthy HBA category was family planning. Its 1990 sales rose 15.8%. This increase was a reflection of growth in sales of condoms, up 15.7%; home pregnancy tests, up 18.2%; and female contraceptives, up 7.1%.

By contrast, some traditional star performers shone less brightly in 1990. Personal cleaniness products and the deodorant categories both had anemic increases of less than 1%. Cosmetics were up a bare 1.6%; hair care, up an even slimmer 1.1%. Marginally better performers were nail care, up 2.2%, and oral hygiene products, up 2.3%.

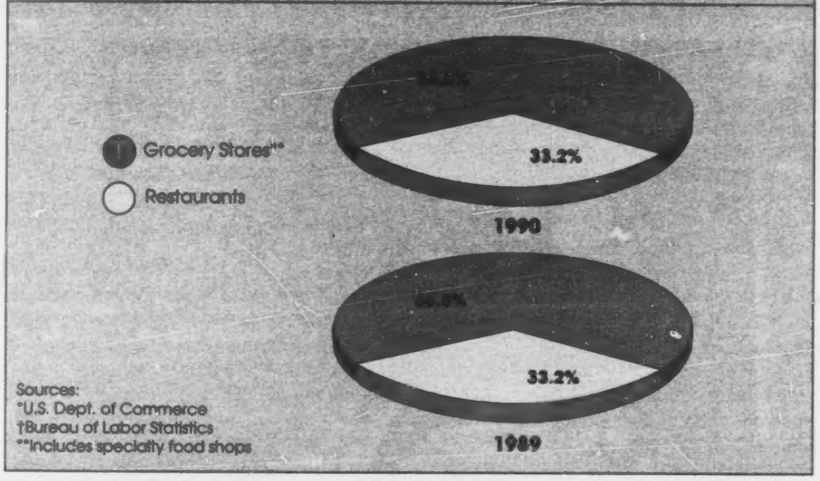
Curiously, the opposite of what happened to tobacco happened to HBA: While performance was unimpressive across the board, supermarket sales seemed to be particularly hard-hit. In most categories, sales gains in other outlets were larger than gains in supermarkets and grocery stores.

General merchandise was an amalgamation of average performers last year. No product group did wonderfully well; none did poorly … except perhaps underwear/hosiery, which was flat.

Greeting cards, historically among the best-performing GM categories, led the pack with a 9% increase. And as with tobacco, supermarkets grew in importance as an outlet—food store sales of greeting cards increased at a faster rate than greeting card sales by other retail classes of trade.

For further details on just what happened in the supermarket business in general and to specific categories and products, read on. ■

Share of Food Dollar—Food Stores vs. Restaurants



● Grocery Stores†*

○ Restaurants

Sources:
*U.S. Dept. of Commerce
†Bureau of Labor Statistics
**Includes specialty food shops

Ranking of Retail Sales by Trade

	1990 Sales (Million)	Percent of Total	Change vs.1989
All Retail Stores	**$1,808,348**	**100.0%**	**+ 5.2**
Building Supply, Hardware Stores	92,480	5.1	- .01
Eating & Drinking Establishments	180,077	10.0	+ 3.6
General Merchandise Group	212,170	11.7	+ 5.1
Apparel Group	94,796	5.2	+ 4.2
Gasoline Service Stations	131,839	7.3	+14.2
All Other Retail Stores	170,586	9.4	+18.0
GROCERY STORES	**338,857**	**18.7**	**+ 2.8**
Motor Vehicle Dealers	382,069	21.1	+ 1.0
Liquor Stores	20,784	1.1	+ 3.8
Drug & Proprietary Stores	68,588	4.0	+12.1
Furnishings, Appliances	93,155	5.1	+ 3.4
Specialty Food Stores	23,477	1.3	+18.1

Source: U.S. Dept. of Commerce

The balance between grocery and foodservice establishment sales was maintained last year. For the past two years grocery sales, including those through specialty outlets, accounted for 66.8% of all U.S. food sales.

Grocery stores ranked 10th on the growth rate chart of the 12 main retail industries in 1990. Only building supply/hardware stores and motor vehicle dealers had less growth.

Specialty food stores, gasoline service stations and drug stores exhibited the highest rates of growth, all with rates that were in the double digits. The remaining industries all had growth that was only slightly higher than that of the grocery industry.

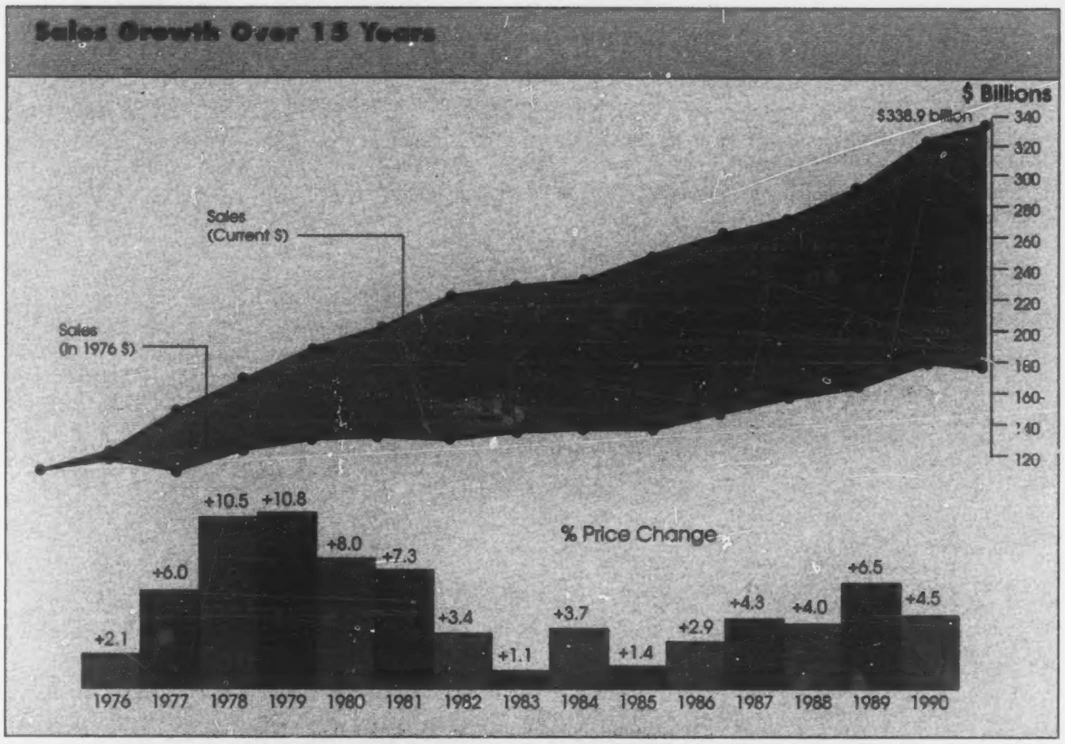
The economy, it would appear, inhibited a wide range of industries. However, in the case of the grocery industry, the problem may not have been all economic, but also due to a slowdown in population growth and changes in eating patterns.

Supermarkets were not alone among retail industries in experiencing little or no growth in 1990. In fact, more industries showed poor growth than managed good growth.

HIGHLIGHTS

Price increases of grocery products over the years have inflated grocery store sales. If the prices of products bought last year were rolled back to their 1976 prices, the $338 billion sales would have been reduced by nearly half, to about $174 billion.

Sales Growth Over 15 Years



Changes in Consumer Price Index 1990–89 for Supermarket Products*

	Percent Change 1990	1989
Food	**5.8**	**5.8**
Food away from home	4.7	4.6
Food at home	6.5	6.5
Food and beverages	5.8	5.7
Cereals & Bakery	**5.7**	**8.4**
Bread, white	5.3	9.1
Other bread	6.4	8.2
Cookies & cakes	5.9	7.6
Flour, prepared mixes	4.2	8.6
Rice, pasta & corn meal	3.6	–
Fresh Beef & Veal	**7.4**	**6.4**
Sirloin steak	3.5	5.0
Ground beef	8.9	5.0
Chuck roast	11.5	8.0
Round roast	7.1	–
Round steak	5.5	–
Pork	**14.7**	**0.6**
Chops	14.4	3.3
Bacon	18.5	-5.1
Ham	12.8	–
Sausage & other pork	14.8	1.3
Other Meats	**9.4**	**2.8**
Frankfurters	–	3.0
Bologna, liverwurst, salami	–	3.4
Lamb & organ meats	–	3.5
Poultry	**-.2**	**9.9**
Fresh whole chicken	-1.5	9.6
Fresh & frozen chicken parts	.1	10.1
Other poultry	1.7	9.9
Fish & Seafood	**1.7**	**4.5**
Canned fish	-3.8	6.2
Fresh & frozen fish and seafood	3.4	4.0
Dairy Products	**9.5**	**6.6**
Fresh whole milk	10.9	7.8
Eggs	4.8	26.6
Cheese	11.7	7.7
Ice cream & related products	6.8	4.9
Other dairy products (including butter)	.8	1.7
Fresh Fruits & Vegetables	**8.8**	**8.5**
Apples	4.9	4.7
Bananas	4.9	10.2
Oranges and tangerines	9.3	1.7
Potatoes	3.6	28.9
Lettuce	-.7	2.0
Tomatoes	11.0	10.6
Processed Fruits	**9.0**	**3.4**
Frozen fruit & fruit juices	10.7	3.2
Other processed fruits	9.0	3.1
Canned & dried fruits	2.0	3.6
Processed Vegetables	**2.6**	**10.7**
Frozen vegetables	4.0	8.4
Other processed vegetables	2.1	11.9
Sugar & Sweets	**–**	**4.7**
Sugar & artificial sweeteners	4.1	7.8
Other sweets	4.5	4.4
Fats & Oils	**4.2**	**7.2**
Margarine	–	10.0
Other fats, oils, & salad dressings	–	5.3
Nondairy substitutes & peanut butter	–	5.6
Beverages	**–**	**3.5**
Carbonated drinks	3.4	2.6
Noncarbonated drinks	5.4	4.2
Coffee	-2.4	6.9
Alcoholic Beverages	**4.7**	**4.1**
Beer & ale	4.6	3.3
Distilled spirits	4.9	3.3
Wine	3.0	2.9
Other Prepared Foods	**4.5**	**6.4**
Canned, packaged soup	6.5	5.7
Frozen prepared foods	2.0	6.3
Snacks	2.8	6.1
Seasonings, olives pickles, relish	5.5	6.5
Housekeeping Supplies	**3.5**	**5.4**
Soaps & detergents	3.6	5.8
Household paper products	4.4	7.6
Tobacco & Smoking Products	**10.4**	**12.2**
Health & Beauty Aids	**–**	**4.7**
Prescriptions	–	8.7
Personal care	4.3	–
Cosmetic, bath & nail products, manicure & eye makeup implements	4.6	3.8
Other toilet goods	3.4	4.7
General merchandise	–	–
Newspapers	4.2	4.4
Magazines, books	5.8	6.7
Photo supplies	2.5	4.6
Motor oil, coolant & other products	14.0	9.5
Pet supplies	3.2	–

NOTE: All figures are positive (+) unless otherwise noted.

*Source: Bureau of Labor Statistics. Consumer Price Index, January 1991.

HIGHLIGHTS

Categories That Increased In Sales in 1990

Largest Percentage Increases In Dollar Sales

Rank	Category	1990 Grocery Store Sales (000)	% Increase	% of Store Volume
1	Metered Calorie Meals	234,467	54.3	0.07
2	Incontinence Products	91,830	30.5	0.03
3	Diarrhea Remedies	133,730	28.8	0.04
4	Frozen Yogurt	261,244	28.7	0.08
5	Freezer Paper	20,694	24.8	0.01
6	Other Frozen Prepared Foods	52,950	24.1	0.02
7	Frozen Sandwiches	277,818	22.9	0.08
8	Personal Insect Repellents	47,753	22.8	0.01
9	Other Fresh Vegetables	10,204,373	22.0	3.01
10	Routine Baby Formulas	1,268,367	21.3	0.37
11	Toaster Pastries	188,689	20.3	0.06
12	Tomatoes	2,180,962	19.1	0.64
13	Home Pregnancy Tests	43,589	18.2	0.01
14	Lunch Boxes	16,963	17.6	0.01
15	Onions	822,771	16.9	0.24
16	Suntan/Sunscreen Products	100,259	16.9	0.03
17	Pancake/Waffle Mix	169,874	16.4	0.05
18	Fruit Rolls & Bars	319,700	16.4	0.09
19	Condoms	48,854	15.7	0.01
20	Bottled Water	632,102	15.6	0.19

Largest Volume Increases In Dollar Sales

Rank	Category	Dollar Sales Increase (000)	% Increase	% of Store Volume
1	Fresh Vegetables	2,538,423	15.3	5.64
2	Packaged Meats	914,155	6.7	4.27
3	Filter-Tipped Cigarettes	888,346	6.5	4.30
4	Fresh Fruits	872,663	7.2	3.84
5	Fresh Milk	638,727	9.7	2.13
6	Beef	608,305	2.9	6.37
7	Domestic Beer	576,072	3.8	4.64
8	Cheese	498,518	9.4	1.71
9	Instore Bakery	478,080	7.2	2.10
10	Ready-to-Eat Cereals	438,673	6.8	2.03
11	Fresh Poultry	392,246	4.3	2.81
12	Tomatoes	349,760	19.1	0.64
13	Apples	322,336	9.9	1.06
14	Canned Soft Drinks	309,541	11.9	0.86
15	Packaged Cold Cuts	295,191	8.3	1.14

Categories That Decreased In Sales in 1990

Largest Percentage Decrease In Dollar Sales

Rank	Category	1990 Grocery Store Sales (000)	% Decrease	% of Store Volume
1	Reducing Preparations	47,844	- 18.3	0.01
2	Home Permanent Kits/Refills	20,663	- 16.1	0.01
3	Pork	3,568,937	- 13.5	1.05
4	Ham	216,892	- 11.3	0.06
5	Flashbulbs & Cubes	16,098	- 10.4	0.00
6	Grapefruit Juice	121,304	- 10.3	0.04
7	Unsweetened Cocoa	18,816	- 10.2	0.01
8	Curlers & Rollers	27,275	- 10.0	0.01
9	Butter	711,182	- 9.9	0.21
10	Frozen Vegetables Combo/Sauce	587,656	- 9.8	0.17
11	Semi-Moist Dog Food	133,999	- 9.6	0.04
12	Laundry Bar Soaps	3,601	- 9.6	0.00
13	Prepared Sweet Cocoa	261,355	- 9.5	0.08
14	Instant Coffee	1,139,456	- 9.3	0.34
15	Buffing Floor Wax	5,538	- 9.1	0.00
16	Pineapple Juice	90,242	- 8.9	0.03
17	Syrup, Elixirs, Expectorants & Cough Medications	129,247	- 8.4	0.04
18	Frozen Coffee Creamer	42,580	- 8.4	0.01
19	Flakes, Chips & Powder Detergents	32,772	- 8.1	0.01
20	Talcum & Body Powder	9,599	- 7.6	0.00

Largest Volume Decreases In Dollar Sales

Rank	Category	Dollar Sales Decrease (000)	% Decrease	% of Store Volume
1	Pork	557,002	-13.5	1.05
2	Regular Coffee	276,141	- 7.5	1.01
3	Instant Coffee	116,835	- 9.3	0.34
4	Canned Tuna	108,738	- 6.7	0.45
5	Butter	78,143	- 9.9	0.21
6	Frozon Vegetables Combo/Sauce	63,847	- 9.8	0.17
7	Eggs	45,306	- 2.8	0.46
8	Yogurt	40,007	- 1.8	0.64
9	Ham	27,631	-11.3	0.06
10	Prepared Sweet Cocoa	27,435	- 9.5	0.08
11	Other Canned Meats	26,276	- 5.5	0.13
12	Snack Nuts	26,225	- 3.2	0.23
13	Fish & Other Seafood	24,175	- 3.4	0.20
14	Veal	21,740	- 4.1	0.15
15	Hot Cereals	21,066	- 3.3	0.18

SUMMARY

1990	Total Sales	Grocery Store Performance					Supermarket Performance			
	1	2	3	4	5		6	7	8	9
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Grocery to Total	% Change from '89 to '90 Total	Grocery	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
PERISHABLES	233,298,714	159,598,451	47.10	68	5.6	5.8	129,546,056	48.90	37,876,208	29.2
Baked Goods	20,149,098	12,891,014	3.80	64	3.4	3.0	9,474,239	3.58	2,095,052	22.1
Instore Bakery	7,118,080	7,118,080	2.10	100	7.2	7.2	7,118,080	2.69	4,000,361	56.2
Dairy	42,130,967	23,777,181	7.02	56	4.6	5.7	16,861,804	6.36	3,655,492	21.7
Frozen Foods	22,339,088	16,499,222	4.87	74	4.5	3.7	14,184,066	5.35	3,457,535	24.4
Fresh & Cured Meat, Fish & Poultry	80,494,734	54,555,854	16.10	68	2.5	2.7	43,644,684	16.47	9,994,633	22.9
Service Deli	12,287,520	12,287,520	3.63	100	10.4	10.4	12,287,520	4.64	5,295,921	43.1
Produce	48,779,227	32,469,579	9.58	67	12.4	11.8	25,975,663	9.80	9,377,214	36.1
DRY GROCERY (FOOD)	146,059,907	97,367,534	28.73	67	3.2	3.5	71,616,634	27.03	14,331,776	20.0
Baby Foods	3,049,818	2,671,681	0.79	88	13.7	14.0	1,929,903	0.73	121,223	6.3
Baking Needs	3,096,215	2,794,535	0.82	90	8.5	8.7	2,041,961	0.77	416,790	20.4
Beer, Wine & Liquor	40,119,080	19,365,143	5.71	48	1.7	3.2	13,115,884	4.95	2,305,495	17.6
Breakfast Foods	8,271,329	8,123,938	2.40	98	6.1	6.2	6,141,674	2.32	830,656	13.5
Candy & Chewing Gum	10,966,798	3,774,980	1.11	34	5.1	5.0	2,926,263	1.10	892,510	30.5
Canned Fish & Canned Seafood	2,147,949	1,915,006	0.57	89	-6.6	-6.6	1,467,586	0.55	194,738	13.3
Canned Fruits	2,047,984	1,776,606	0.52	87	1.9	2.0	1,287,357	0.49	279,564	21.7
Canned & Bottled Juices & Drinks	5,179,201	4,432,148	1.31	86	4.4	4.6	3,065,730	1.16	712,114	23.2
Canned Meat & Specialty Foods	1,735,631	1,343,518	0.40	77	-5.2	-4.9	951,661	0.36	209,600	22.0
Canned Milk	442,502	398,872	0.12	90	6.3	6.3	303,143	0.00	27,283	9.0
Canned Prepared Foods	2,210,704	2,062,859	0.61	93	5.1	5.2	1,629,659	0.62	415,516	25.5
Canned & Dry Soups	2,958,017	2,818,834	0.83	95	2.9	2.7	2,161,483	0.82	415,884	19.2
Canned Vegetables	3,704,672	3,284,185	0.97	89	-1.2	-1.2	2,539,768	0.96	549,952	21.7
Condiments, Dressings, Spreads, Relishes	8,182,274	6,585,710	1.94	80	3.5	3.4	5,119,095	1.93	1,181,561	23.1
Desserts	683,192	599,492	0.18	88	3.3	3.4	460,572	0.17	95,902	20.8
Dried Foods	4,157,049	3,377,332	1.00	81	6.7	6.8	2,518,530	0.95	544,994	21.6
Fats & Shortenings	1,893,282	1,578,056	0.47	83	-0.6	-0.2	1,207,930	0.46	209,182	17.3
Jams, Jellies, Preserves	2,688,548	2,185,363	0.64	81	0.2	0.3	1,502,218	0.57	298,093	19.8
Pasta	1,919,273	1,379,964	0.41	72	5.6	5.4	1,034,973	0.39	268,058	25.9
Prepared Drinks	9,441,794	7,155,648	2.11	76	0.9	-3.2	5,270,515	1.99	1,110,649	21.1
Snacks	9,870,648	6,419,297	1.89	65	5.4	5.8	4,109,997	1.55	1,094,338	26.6
Soft Drinks	18,304,706	10,870,001	3.21	59	4.4	5.2	8,989,253	3.39	1,868,346	20.8
Sweeteners, Flavors	2,989,243	2,454,366	0.72	82	4.1	4.0	1,841,479	0.70	289,327	15.7
TOTAL FOODS	379,358,621	256,965,985	75.83	68	4.7	4.9	201,162,690	75.93	52,207,983	26.0

HOW TO USE THESE CHARTS

1 This column shows total retail sales of a product line or category through all outlets. The value of a product is computed as if the product were sold at grocery store prices. Example: Total Retail Sales of Baked Goods = $20,149,098,000.

2 This column shows the amount actually spent in grocery stores for each product line or category. Grocery stores are defined as retail outlets doing a major portion of their business in dry groceries. Example: Total Grocery Sales of Baked Goods = $12,891,014,000.

3 This column shows the percentage of the total grocery store volume that is contributed by each product line or category. Example: 3.80% of the Total Grocery Store Sales come from the sale of Baked Goods.

4 This column shows the share of the total sales of a product line or category that is sold through grocery stores. Example: 64% of the total Sales of Baked Goods come from grocery sales.

5 These columns show the year-to-year increase or decrease in total and grocery sales for each product line or category. Example: Total Sales of Baked Goods rose 3.4% and Grocery Store Sales of Baked Goods rose 3.0%.

6 This column shows sales of a product line or category coming from those grocery stores which can be classified as "supermarkets." Supermarkets are defined as grocery stores with annual sales of over $2 million. Example: Supermarkets Sales of Baked Goods were $9,474,239,000 in 1990.

7 This column shows the percentage of the total supermarket volume that is contributed by each product line or category. Example: 3.58% of the Total Supermarket Sales comes from the sale of Baked Goods.

8 This column shows the difference between the cost of an item and its retail price. Example: There was a difference of $2,095,052,000 between the cost to supermarkets for Baked Goods and their retail sales in 1990.

9 This column takes the dollar margin from column 8 and expresses it as a percentage. Example: there was a difference of 22.1% between the cost of Baked Goods and their supermarket retail price in 1990.

SUMMARY

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance			
	1	2	3	4	5		6	7	8	9
(add 000 to all dollar figures)	Value of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores	% of Total Store	% Grocery to Total	% Change from '89 to '90 Total	Grocery	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin
DRY GROCERY (NONFOOD)	71,710,070	46,353,684	13.68	65	3.2	3.6	34,511,324	13.03	6,029,948	17.5
Home Canning Supplies	117,632	94,440	0.03	80	1.3	1.1	78,385	0.03	18,342	23.4
Laundry Supplies	1,776,585	1,642,527	0.48	92	1.1	1.2	1,190,079	0.45	177,995	15.0
Soaps & Detergents	6,603,037	6,026,015	1.78	91	3.9	3.7	4,609,429	1.74	628,413	13.6
Other Cleaners, Cleansers & Supplies	3,707,559	2,395,821	0.71	65	4.0	4.1	1,729,761	0.65	484,252	28.0
Paper, Plastic, Foil Products	16,167,494	12,189,442	3.60	75	5.4	3.3	9,286,810	3.51	1,828,590	19.7
Pesticides & Rodent Control	642,761	364,621	0.11	57	9.9	6.1	277,112	0.10	74,266	26.8
Waxes & Polishes	368,607	287,744	0.08	78	-3.8	-3.5	199,875	0.08	47,169	23.6
Other Household Supplies	2,856,270	1,335,744	0.39	47	0.9	0.9	755,040	0.28	249,829	33.1
Pet Foods	6,874,203	6,237,718	1.84	91	1.2	0.7	4,503,588	1.70	839,069	18.6
Tobacco Products	32,595,922	15,779,612	4.66	48	2.7	5.6	11,881,245	4.48	1,682,022	14.2
HEALTH & BEAUTY AIDS (NON-Rx)	37,801,253	13,573,651	4.01	36	3.5	3.5	10,981,634	4.15	3,009,892	27.4
Dieting Aids	621,495	386,254	0.11	62	12.0	25.4	262,653	0.10	61,461	23.4
Cosmetics	5,676,728	716,000	0.21	13	3.2	1.6	533,448	0.20	168,457	31.6
Family Planning	702,898	102,853	0.03	15	9.1	15.8	92,948	0.04	40,550	43.6
Feminine Hygiene Products	1,898,447	1,103,369	0.33	58	4.5	4.1	992,439	0.37	221,815	22.4
Hair Products	4,781,478	1,828,714	0.54	38	3.0	1.1	1,676,416	0.63	510,335	30.4
Health Aids	1,237,512	566,203	0.17	46	2.8	2.2	468,443	0.18	134,846	28.8
Nail Care Products	644,274	122,552	0.04	19	2.4	2.6	96,816	0.04	32,724	33.8
Oral Hygiene Products	2,889,398	1,575,061	0.46	55	2.2	2.3	1,265,059	0.48	215,299	17.0
Packaged Medications	9,197,583	3,306,225	0.98	36	3.3	4.4	2,730,272	1.03	829,907	30.4
Personal Cleanliness Products	209,668	48,638	0.01	23	0.6	0.9	44,164	0.02	11,871	26.9
Personal Deodorants, Antiperspirants	1,290,372	714,857	0.21	55	0.8	0.8	636,223	0.24	141,242	22.2
Shaving Products	2,083,493	695,143	0.21	33	5.0	5.0	551,320	0.21	170,122	30.9
Skin Care Products	2,323,917	557,565	0.16	24	6.5	3.4	442,281	0.17	116,015	26.2
Vitamins & Tonics	1,640,166	635,301	0.19	39	0.3	0.6	520,947	0.20	182,852	35.1
Other Health & Beauty Aids	2,603,824	1,214,919	0.36	47	2.7	2.9	668,205	0.25	172,397	25.8
PRESCRIPTIONS	27,255,571	3,000,790	0.89	11	5.6	11.4	3,000,790	1.13	–	–
GENERAL MERCHANDISE	ND	13,173,960	3.89	NC	–	4.3	11,431,285	4.31	4,051,926	41.4
Audio & Video	10,787,290	1,068,637	0.32	10	4.6	7.9	651,869	0.25	244,451	37.5
Auto Supplies	2,374,556	707,088	0.21	30	6.2	3.9	622,237	0.23	128,181	20.6
Electrical Appliances	ND	241,953	0.07	NC	–	-7.3	225,016	0.08	69,080	30.7
Flashlights & Batteries	3,447,567	594,136	0.18	17	1.4	-2.1	528,781	0.20	211,512	40.0
Greeting Cards	4,941,544	663,765	0.20	13	6.0	9.0	643,852	0.24	319,351	49.6
Hardware	ND	273,862	0.08	NC	–	5.2	265,646	0.10	94,836	35.7
Housewares**	5,512,918	1,330,609	0.39	NC	3.1	5.4	1,985,006	0.75	853,553	43.0
Other Housewares	ND	715,789	0.21	NC	–	7.3	–	–	–	–
Periodicals	11,910,580	2,095,835	0.62	18	2.6	3.9	1,697,626	0.64	526,264	31.0
Other Merchandise†	5,067,641	618,648	0.18	NC	5.6	5.6	475,461	0.18	210,894	44.4
Pet Accessories	1,808,867	476,784	0.14	26	7.9	7.3	462,480	0.17	177,592	38.4
Photo Supplies & Processing	9,833,102	1,443,146	0.43	15	5.3	5.9	1,327,694	0.50	318,647	24.0
Stationery	865,129	170,438	0.05	20	8.8	8.3	144,872	0.05	49,401	34.1
Toys	14,268,656	309,637	0.09	2	2.0	4.0	247,710	0.09	96,111	38.8
Underwear & Hosiery	6,186,143	1,070,124	0.32	NC	0.2	0.0	806,940	0.30	324,223	40.2
Writing Implements	1,076,553	123,995	0.04	12	6.8	7.0	89,276	0.03	36,960	41.4
General Merchandise NCE	ND	1,269,514	0.37	NC	–	NC	1,256,819	0.47	390,871	31.1
TOTAL FOODS & NONFOOD*	ND	333,068,070	98.29	NC	–	4.7	261,087,723	98.55	65,299,750	25.0
SALES NCE	ND	5,919,432	1.75	NC	–	NC	3,847,631	1.45	715,659	18.6
GRAND TOTAL	ND	338,857,000	100.00	NC	–	2.8	264,935,354	100.00	66,015,409	24.9

—Not available. ND—No data available. NCE—Not classified elsewhere. NC—Not comparable.

* Supermarket margins based on totals excluding Prescriptions.

**Includes all housewares categories listed on the following tables.

†Includes categories listed on the following tables that are too small to list separately for summary purposes.

PERISHABLES

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
BAKED GOODS	20,149,098	12,891,014	3.80	64	3.4	3.0	9,474,239	3.58	2,095,052	22.1	19,495,017	12,509,874	3.79	64
Bread & Rolls[4]	10,560,763	6,595,369	1.95	62	1.2	1.1	4,946,526	1.87	1,038,770	21.0	10,430,409	6,526,573	1.98	63
Rolls, Bread Type	1,547,742	443,227	0.13	29	2.1	1.8					1,515,908	435,390	0.13	29
Variety Bread	2,052,703	1,015,717	0.30	49	4.3	4.7					1,968,076	970,121	0.29	49
White Bread	6,960,318	5,136,425	1.52	74	0.2	0.3					6,946,425	5,121,062	1.55	74
Crackers, Cookies, Biscuits	5,646,946	5,227,639	1.54	93	4.5	4.8	3,763,900	1.42	884,517	23.5	5,403,776	4,988,205	1.51	92
Bread & Cracker Crumbs	82,490	66,733	0.02	81	3.9	4.1	55,388	0.02	11,964	21.6	79,394	64,105	0.02	81
Croutons	51,246	34,278	0.01	67	5.6	6.1	30,165	0.01	6,546	21.7	48,528	32,307	0.01	67
Rice & Grain Cakes	149,314	83,056	0.02	56	3.9	4.4	50,664	0.02	10,791	21.3	143,709	79,556	0.02	55
Sweet Goods	3,658,340	883,938	0.26	24	8.0	7.9	627,596	0.24	142,464	22.7	3,389,201	819,128	0.25	24
Cakes & Pastries	2,468,993	529,595	0.16	21	8.0	7.3					2,286,105	493,565	0.15	22
Doughnuts	668,128	242,723	0.07	36	9.7	10.6					609,050	219,460	0.07	36
Pies	521,219	111,620	0.03	21	5.5	5.2					494,046	106,103	0.03	21
INSTORE BAKERY	7,118,080	7,118,080	2.10	100	7.2	7.2	7,118,080	2.69	4,000,361	56.2	6,640,000	6,640,000	2.01	100
DAIRY	42,130,967	23,777,181	7.02	56	4.6	5.7	16,861,804	6.36	3,655,492	21.7	40,262,991	22,485,971	6.82	56
Cheese	7,918,225	5,778,479	1.71	73	9.8	9.4	4,632,326	1.75	1,150,588	24.8	7,210,936	5,279,961	1.6	73
Cottage & Pot Cheese	639,633	461,276	0.14	72	0.6	0.8	332,119	0.13	49,486	14.9	635,818	457,615	0.14	72
Cream Cheese	710,131	528,021	0.16	74	3.1	3.4	422,417	0.16	78,992	18.7	686,779	510,659	0.15	74
Natural Cheese[5]	4,000,859	2,322,196	0.69	58	12.1	11.8	1,904,201	0.72	493,188	25.9	3,569,009	2,077,098	0.63	58
Processed Cheese[6]	2,567,802	2,466,986	0.73	96	10.8	10.4	1,973,589	0.74	528,922	26.8	2,317,330	2,234,589	0.68	96
Eggs	4,911,134	1,572,761	0.46	32	-2.5	-2.8	990,839	0.37	182,314	18.4	5,037,061	1,618,067	0.49	32
Milk & Milk Products	20,132,081	8,227,404	2.43	41	5.2	7.3	5,337,806	2.01	830,596	15.6	19,131,866	7,668,496	2.32	40
Butter	1,364,847	711,182	0.21	52	-10.6	-9.9	561,834	0.21	111,805	19.9	1,526,674	789,325	0.24	52
Fresh Cream	407,043	225,065	0.07	55	-1.2	-1.4	171,049	0.06	37,973	22.2	411,987	228,261	0.07	55
Fresh Milk	18,287,399	7,223,543	2.13	40	6.8	9.7	4,550,832	1.72	668,972	14.7	17,121,909	6,584,816	2.00	38
Home Consumption	12,016,550	7,223,543	2.13	60	9.5	9.7					10,974,018	6,584,816	2.00	60
Other Milk	6,270,849	–	NC	NC	2.0	–					6,147,891	–	–	–
Refrigerated Toppings	72,793	67,614	0.02	93	2.1	2.3	54,091	0.02	11,846	21.9	71,296	66,094	0.03	93
Yogurt	2,572,748	2,182,615	0.64	85	-1.3	-1.8	1,549,657	0.58	402,911	26.0	2,606,634	2,222,622	0.67	85
Margarine	2,168,505	1,844,912	0.54	85	-0.4	-0.2	1,346,786	0.51	309,761	23.0	2,177,214	1,848,609	0.56	85
Refrigerated Juices/Drinks	2,968,919	2,887,277	0.85	97	8.9	9.1	1,992,221	0.75	496,063	24.9	2,726,232	2,646,669	0.8	97
Apple Juice	69,352	66,878	0.02	96	1.9	1.2					68,059	66,085	0.03	97
Grapefruit Juice	161,228	151,397	0.04	94	0.7	1.1					160,107	149,750	0.05	93
Orange Flavored Drinks	159,589	150,006	0.04	94	7.9	7.6					147,905	139,411	0.05	94
Orange Juice	2,485,425	2,428,383	0.72	98	9.9	10.1					2,261,533	2,205,616	0.67	97
Other Fruit Juices & Drinks	93,325	90,612	0.03	97	5.3	5.6					88,628	85,807	0.04	97
Refrigerated Mexican Foods	180,501	162,751	0.05	90	8.3	8.5	130,201	0.05	29,295	22.5	166,668	150,001	0.04	90
Refrigerated Dough Products	854,334	823,238	0.24	96	7.3	7.5	642,126	0.24	190,711	29.7	796,211	765,803	0.23	96
Refrigerated Dips	98,661	87,895	0.03	89	5.2	5.1	70,316	0.03	15,540	22.1	93,784	83,630	0.02	89
Refrigerated Puddings	94,363	83,522	0.02	89	8.9	8.5	66,818	0.03	14,700	22.0	86,651	76,979	0.01	89
Refrigerated Fish Appetizers	33,176	30,588	0.01	92	2.0	1.6	24,470	0.01	7,561	30.9	32,525	30,106	0.03	93
Refrigerated Pickles/Relishes	180,501	80,766	0.02	45	-0.2	-0.6	64,613	0.02	20,805	32.2	180,863	81,254	0.02	45
Refrigerated Salads	17,817	14,972	0.00	84	9.0	8.7	13,625	0.01	4,646	34.1	16,346	13,774	0.00	84
FROZEN FOODS	22,339,088	16,499,222	4.87	74	4.5	3.7	14,184,066	5.35	3,457,535	24.4	21,381,562	15,906,778	4.82	74
Frozen Baked Goods	1,469,644	1,350,369	0.40	92	1.9	2.1	1,172,715	0.44	313,120	26.7	1,442,044	1,322,695	0.40	92
Frozen Bagels	210,864	205,196	0.06	97	11.2	11.3	176,469	0.07	49,941	28.3	189,626	184,363	0.06	97
Frozen Breads & Rolls	424,911	383,547	0.11	90	3.3	3.6	326,015	0.12	91,936	28.2	411,337	370,219	0.11	90
Frozen Cakes & Pastries	409,623	381,956	0.11	93	-5.0	-4.9	336,121	0.13	85,711	25.5	431,182	401,636	0.12	93
Frozen Pies	424,245	379,670	0.11	89	3.5	3.6	334,110	0.13	85,532	25.6	409,899	366,477	0.11	89
Frozen Breakfast Entrées	788,254	756,606	0.22	96	12.4	12.6	711,210	0.27	171,402	24.1	700,984	671,875	0.20	96
French Toast/Pancakes	101,073	97,078	0.03	96	10.5	10.6					91,469	87,774	0.03	96
Waffles	435,117	413,913	0.12	95	13.0	13.1					385,059	365,971	0.11	95

WHAT THE NUMBERS MEAN

[1] All consumption—all retail sales, not including products sold through restaurants and institutions that have been altered by the seller. Excluding those portions of a commodity that are used commercially as an ingredient in another product.

[2] Refers to grocery stores and includes supermarkets. Excluded from this column (but included in the first column) are sales by such specialty food stores as delicatessens, dairy stores, bakeries, meat markets, confectionaries, fruit and vegetable markets, egg dealers, drug stores, and mass merchandisers.

[3] Decreases are shown by minus signs. Other figures represent increases. Comparisons to 1989 are based solely on the item categories that were reported in both the 1989 and 1990 studies.

[4] Includes bagels, onion rolls, etc.

[5] Includes cheddar, Colby, brick, foreign types.

[6] Includes cheese food and cheese spreads.

NC—Not comparable.
–Not applicable.

PERISHABLES

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Other Breakfast Foods	252,064	245,614	0.07	97	12.3	12.6					224,456	218,130	0.07	97
Ice Cream & Yogurt	6,317,643	2,299,367	0.68	36	10.9	11.7	1,540,573	0.56	285,007	18.5	5,698,288	2,059,201	0.62	36
Bulk Ice Cream[7]	838,802	–	NC	NC	5.9	-					792,070	–	–	–
Packaged Ice Cream	3,057,524	2,038,123	0.60	67	9.6	9.8					2,789,712	1,856,214	0.56	66
Specialty Ice Cream	1,799,792	–	NC	NC	10.2	-					1,633,205	–	–	–
Frozen Yogurt[8]	621,525	261,244	0.08	42	28.6	28.7					483,301	202,987	0.06	42
Frozen Coffee Creamer	46,205	42,580	0.01	92	-8.6	-8.4	31,083	0.01	8,952	28.8	50,553	46,485	0.01	92
Frozen Toppings	195,946	184,264	0.05	94	-2.8	-2.7	158,467	0.06	40,409	25.5	201,591	189,377	0.06	94
Frozen Meat, Fish & Poultry	3,803,621	3,236,264	0.96	85	1.1	1.3	2,881,314	1.09	809,019	28.1	3,760,465	3,193,635	0.97	85
Fish & Other Seafood	906,387	680,315	0.20	75	-3.6	-3.4	598,249	0.23	162,454	27.2	940,129	704,490	0.21	75
Frozen Fish Sticks	111,813	89,702	0.03	80	2.5	2.8	80,732	0.03	23,816	29.5	109,086	87,259	0.03	80
Frozen Shrimp	299,506	222,212	0.07	74	-3.7	-4.0	193,324	0.07	50,456	26.1	311,013	231,471	0.07	74
Other Frozen Fish/Seafood	495,069	368,401	0.11	74	-4.8	-4.5	324,193	0.12	88,180	27.2	520,030	385,760	0.1	74
Frozen Meat	423,885	206,747	0.06	49	2.3	2.5	192,275	0.07	61,143	31.8	414,355	201,704	0.06	49
Frozen Poultry	**2,473,346**	**2,349,202**	**0.69**	**95**	**2.8**	**2.7**	**2,090,790**	**0.79**	**585,421**	**28.0**	**2,405,981**	**2,287,441**	**0.69**	**95**
Frozen Prepared Foods	4,705,997	4,572,776	1.35	97	5.7	5.5	4,066,635	1.53	918,393	22.6	4,453,390	4,335,296	1.31	97
Frozen Dinners/Entrées	2,099,309	2,085,326	0.62	99	5.4	5.1	1,835,067	0.69	396,379	21.6	1,991,754	1,984,135	0.6	99
Frozen Meat Pies	273,090	256,597	0.08	94	3.6	3.7	241,201	0.09	55,950	23.2	263,600	247,442	0.07	94
Frozen Pizza	1,047,649	1,041,900	0.31	99	3.1	3.1	916,872	0.35	194,377	21.2	1,016,148	1,010,572	0.3	99
Frozen Poultry Pies	273,976	257,064	0.08	94	1.8	1.9	241,640	0.09	62,343	25.8	269,132	252,271	0.08	94
Frozen Oriental	150,015	147,710	0.04	98	2.1	2.0	131,462	0.05	30,236	23.0	146,929	144,814	0.04	99
Frozen Mexican	462,737	453,411	0.13	98	6.0	6.1	412,604	0.16	103,151	25.0	436,544	427,343	0.13	98
Frozen Sandwiches	344,746	277,818	0.08	81	20.8	22.9	241,702	0.09	63,326	26.2	285,386	226,052	0.07	79
Other Frozen Prepared Foods	54,476	52,950	0.02	97	24.1	24.1	46,067	0.02	12,622	27.4	43,897	42,667	0.02	97
Frozen Fruits[9]	139,902	130,896	0.04	94	1.2	1.2	113,880	0.04	32,797	28.8	138,275	129,349	0.04	93
Blueberries	19,062	17,393	0.01	91	2.0	1.9					18,688	17,069	0.00	91
Raspberries	22,210	20,702	0.01	93	0.8	0.9					22,034	20,517	0.01	93
Strawberries	58,572	55,832	0.02	95	0.5	0.5					58,281	55,554	0.02	95
Other Frozen Fruits	40,057	36,969	0.01	92	2.0	2.1					39,272	36,209	0.01	92
Frozen Fruit Juice Concentrates	1,527,265	1,402,670	0.41	92	2.2	2.4	1,253,523	0.47	274,041	21.9	1,494,335	1,370,345	0.41	92
Apple Juice	133,401	123,132	0.04	92	2.2	2.1					130,529	120,599	0.04	92
Grape Juice	117,021	107,017	0.03	91	3.5	3.6			See Other		113,064	103,298	0.03	91
Grapefruit Juice	19,535	16,978	0.01	87	1.5	1.4					19,246	16,744	0.00	87
Orange Juice	1,206,973	1,106,660	0.33	92	2.1	2.3	995,984	0.38	217,127	21.8	1,182,148	1,081,779	0.33	91
Other Fruit Concentrates	50,335	48,884	0.01	97	2.0	2.0	257,529	0.10	56,914	22.1	49,348	47,925	0.01	97
Frozen Fruit Drinks	148,464	137,223	0.04	92	1.1	1.1	127,617	0.05	36,498	28.6	146,858	135,699	0.04	92
Lemonade Bases	56,117	52,143	0.02	93	0.8	0.8					55,672	51,729	0.01	93
Regular Orange	13,986	12,620	0.00	90	2.5	2.4					13,645	12,324	0.00	90
Synthetic Orange	27,375	24,737	0.01	90	-3.2	-3.3					28,280	25,581	0.01	90
Other Fruit Drinks	50,985	47,723	0.01	94	3.5	3.6					49,261	46,065	0.01	93
Frozen Vegetables	3,196,147	2,386,208	0.70	75	-3.0	-2.7	2,127,046	0.80	567,897	26.7	3,294,779	2,452,821	0.74	74
Asparagus	67,351	47,124	0.01	70	-1.7	-1.6					68,516	47,890	0.01	70
Broccoli	151,498	107,288	0.03	71	-3.2	-3.1					156,506	110,720	0.03	71
Cauliflower	30,200	21,475	0.01	71	-5.1	-4.9					31,823	22,582	0.01	71
Corn	202,542	141,108	0.04	70	-2.9	-2.6					208,591	144,875	0.04	69
French Fried Potatoes	996,812	811,260	0.24	81	2.4	2.6	681,459	0.28	182,631	26.8	973,449	790,702	0.24	81
Green Beans	113,356	84,093	0.02	74	0.8	1.1					112,456	83,178	0.02	74
Green Peas	191,790	136,188	0.04	71	1.0	1.3					189,891	134,440	0.04	71
Lima Beans	53,820	35,434	0.01	66	-4.7	-4.6					56,474	37,143	0.01	66
Onion Products	58,788	41,859	0.01	71	3.6	3.8					56,745	40,327	0.01	71
Other Potato Products	115,162	84,115	0.02	73	2.3	2.6	74,021	0.03	20,430	27.6	112,573	81,983	0.02	73
Spinach	83,483	59,430	0.02	71	-1.9	-1.8					85,100	60,519	0.02	71
Vegetable Combinations & Sauces	809,484	587,656	0.17	73	-9.6	-9.8					895,447	651,503	0.20	73
Other Frozen Vegetables	321,862	229,178	0.07	71	-7.3	-7.2	1,371,566	0.52	364,837	26.6	347,208	246,959	0.07	71
FRESH & CURED MEAT, FISH & POULTRY	80,494,734	54,555,854	16.10	68	2.5	2.7	43,644,684	16.47	9,994,633	22.9	78,528,514	53,113,797	16.2	68
Fresh Fish & Other Seafood	**4,260,176**	**3,723,972**	**1.10**	**87**	**2.3**	**2.6**	**2,979,178**	**1.12**	**935,462**	**31.4**	**4,164,395**	**3,623,602**	**1.1**	**87**
Fresh Meat	43,195,372	26,836,898	7.92	62	0.2	0.1	21,469,518	8.10	4,744,763	22.1	43,125,136	26,807,334	8.13	62
Beef	35,599,818	21,584,351	6.37	61	2.8	2.9	17,267,481	6.52			34,630,173	20,976,046	6.36	61
Lamb	1,319,846	1,175,114	0.35	89	-0.1	0.0	940,091	0.35			1,321,167	1,175,114	0.36	89
Pork	5,469,877	3,568,937	1.05	65	-13.6	-13.5	2,355,150	1.08			6,330,876	4,125,939	1.25	65
Veal	805,832	508,495	0.15	63	-4.4	-4.1	406,796	0.15			842,920	530,235	0.16	63
Fresh Poultry	**14,852,411**	**9,514,236**	**2.81**	**64**	**4.6**	**4.3**	**7,611,389**	**2.87**	**1,819,122**	**23.9**	**14,199,246**	**9,121,990**	**2.77**	**64**
Packaged Meats	18,186,774	14,480,749	4.27	80	6.7	6.7	11,584,599	4.37	2,247,412	19.4	17,039,737	13,566,594	4.10	79
Cured Ham & Picnics	2,731,480	2,186,564	0.65	80	5.6	5.8					2,586,629	2,066,636	0.63	80
Frankfurters	2,269,149	1,768,196	0.52	78	5.1	5.2					2,159,038	1,680,795	0.50	78
Packaged Bacon	2,725,462	2,234,444	0.66	82	6.4	6.3					2,561,524	2,102,017	0.64	82

[7] Grocery store sales are mainly packaged ice cream and specialties, and a negligible amount of bulk ice cream.

[8] Packaged products only, excludes soft-serve frozen yogurt.

[9] Consumer size packages for home use.

—Not applicable.

PERISHABLES

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total	% Change[1] from '89 to '90 Total[1]	% Change[1] from '89 to '90 Grocery[4]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total
Packaged Cold Cuts	4,827,369	3,851,704	1.14	80	8.0	8.3					4,460,786	3,556,513	1.08	79
Sausages (uncooked)	1,657,640	1,296,181	0.38	78	6.9	6.5					1,550,645	1,217,071	0.37	78
Other Sausage Products	3,975,675	3,143,680	0.93	79	7.1	8.8					3,712,115	2,943,502	0.89	79
SERVICE DELI	12,287,520	12,287,520	3.63	100	10.4	10.4	12,287,520	4.64	5,295,921	43.1	11,130,000	11,130,000	3.37	100
PRODUCE	48,779,227	32,469,579	9.58	67	12.4	11.8	25,975,663	9.80	9,377,214	36.1	43,404,979	29,032,016	8.80	67
Fresh Vegetables	31,826,606	19,095,626	5.64	60	15.6	15.3					27,537,563	16,557,205	5.02	60
Carrots	644,266	463,314	0.14	72	2.7	3.6					627,348	447,214	0.13	71
Celery	831,342	545,691	0.16	66	-1.1	-1.0					840,598	551,203	0.17	65
Corn	665,768	373,734	0.11	56	1.6	1.9					655,263	366,765	0.11	56
Lettuce	2,859,949	1,872,355	0.55	65	1.2	1.1					2,826,037	1,851,963	0.56	65
Mushrooms	702 652	489,944	0.14	70	4.2	4.7					674,330	467,950	0.14	69
Onions	1,417,446	822,771	0.24	58	16.1	16.9					1,220,864	703,825	0.21	57
Potatoes	3,516,921	2,142,486	0.63	61	8.2	8.6					3,250,369	1,972,823	0.60	61
Tomatoes	3,703,229	2,180,962	0.64	59	18.6	19.1					3,122,453	1,831,202	0.55	58
Other Fresh Vegetables	17,485,014	10,204,373	3.01	58	22.1	22.0					14,320,241	8,364,240	2.54	58
Fresh Fruits	15,724,024	13,015,160	3.84	83	6.9	7.2					14,710,187	12,142,497	3.68	82
Apples	3,954,530	3,578,255	1.06	90	9.6	9.9					3,608,148	3,255,919	0.99	90
Bananas	2,490,611	2,023,429	0.60	81	11.3	11.6					2,237,746	1,813,108	0.55	81
Citrus Fruits	2,888,517	2,425,753	0.72	84	8.1	8.5					2,672,079	2,236,717	0.68	84
Other Fresh Fruits	6,390,365	4,987,723	1.47	78	3.2	3.1					6,192,214	4,837,753	1.47	78
Floral	863,146	134,523	0.04	16	5.9	11.6					815,056	120,540	0.04	15
Wild Bird Seed[10]	365,449	224,269	0.07	61	6.8	5.9					342,181	211,774	0.06	62
TOTAL PERISHABLES	233,298,714	159,598,451	47.10	68	5.6	5.8	129,546,056	48.90	37,876,206	29.2	220,843,063	150,818,436	45.74	68

DRY GROCERY—FOOD

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total	% Change[1] from '89 to '90 Total[1]	% Change[1] from '89 to '90 Grocery[4]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[3] to Total
BABY FOODS	3,049,818	2,671,681	0.79	88	13.7	14.0	1,929,903	0.73	121,223	6.3	2,683,085	2,343,311	0.70	87
Desserts	92,651	76,794	0.02	83	12.0	11.8	54,502	0.02	3,815	7.0	82,724	68,689	0.02	83
Fruits & Juices	484,005	441,297	0.13	91	6.9	7.0	313,321	0.12	25,379	8.1	452,764	412,427	0.12	91
Meat & Combinations	332,135	288,776	0.09	87	4.4	4.8	205,031	0.08	17,016	8.3	318,137	275,550	0.08	86
Vegetables	152,061	130,113	0.04	86	8.3	8.6	92,380	0.03	8,591	9.3	140,407	119,809	0.03	85
Infant Cereals	97,203	83,114	0.02	86	10.7	10.8	59,011	0.02	6,137	10.4	87,808	75,013	0.02	87
Infant Formulas	1,891,763	1,651,586	0.49	87	18.1	18.7	1,205,658	0.46	60,283	5.0	1,601,245	1,391,823	0.42	87
Hypoallergenic Formulas	438,806	383,219	0.11	87	10.4	10.7					397,469	346,178	0.10	8.7
Routine Formulas	1,452,958	1,268,367	0.37	87	20.7	21.3					1,203,776	1,045,645	0.32	87
BAKING NEEDS	3,096,215	2,794,535	0.82	90	8.5	8.7	2,041,961	0.77	416,790	20.4	2,852,499	2,571,225	0.78	90
Baking Chocolate & Bits	398,549	380,094	0.11	95	1.6	1.6	277,469	0.10	58,823	21.2	392,273	374,108	0.11	95
Baking Powder	23,686	21,281	0.01	90	1.9	1.8	15,535	0.01	3,045	19.6	23,244	20,906	0.01	90
Baking Soda	16,580	13,788	0.00	83	3.0	3.1	10,065	0.00	2,295	22.8	16,097	13,373	0.01	83
Yeast	52,447	49,924	0.01	95	1.2	1.2	36,445	0.01	6,997	19.2	51,823	49,332	0.01	95
Baking Nuts	360,139	286,456	0.08	80	2.7	2.8	209,114	0.08	61,480	29.4	350,671	278,650	0.08	79
Shelled Walnuts	242,580	192,303	0.06	79	2.7	2.9					236,203	186,983	0.05	79
Other Baking Nuts	117,559	94,153	0.03	80	2.7	2.6					114,468	91,767	0.03	80
Flour	2,244,814	2,042,993	0.60	91	11.2	11.3	1,493,333	0.56	284,150		2,018,369	1,834,857	0.55	91
Cake Flour	13,662	12,421	0.00	91	5.4	5.4	9,316	0.00	1,407	15.1	12,962	11,785	0.01	91
Corn Meal	167,617	140,803	0.04	84	2.6	2.9	102,786	0.04	22,613	22.0	163,369	136,835	0.04	84
Family Flour	669,956	559,260	0.17	83	15.1	15.4	408,260	0.15	57,156	14.0	582,064	484,627	0.14	83
Pancake/Waffle Mix	182,182	169,874	0.05	93	16.3	16.4	125,707	0.05	25,896	20.6	156,648	145,940	0.04	93
Prepared Mixes	1,211,398	1,160,635	0.34	96	9.8	9.9	847,264	0.32	177,078	20.9	1,103,346	1,056,679	0.32	96
Cake Mixes	571,398	551,178	0.16	96	13.4	13.6					503,878	485,192	0.15	96
Frostings,Icings,Fudge	219,014	208,591	0.06	95	14.3	14.4					191,613	182,335	0.05	95
Pie Crust Mixes	64,901	62,539	0.02	96	-2.2	-2.2					66,361	63,946	0.02	96
Pizza Pie Mixes	94,785	91,512	0.03	97	1.8	1.9					93,109	89,306	0.03	96

[10] Includes packages, bulk, and bells.

DRY GROCERY—FOOD

CONTINUED

1990 (add 000 to all dollar figures)	Total Sales: Value[1] of Total Retail Sales (all outlets)	Grocery Store Performance: Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total	% Change[3] from '89 to '90: Total[1]	% Change[3] from '89 to '90: Grocery[2]	Supermarket Performance: Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	1989 Performance: Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total
Other Prepared Mixes	261,301	246,814	0.07	94	5.2	5.3					248,385	234,391	0.07	94
BEER, WINE & LIQUOR	40,119,080	19,365,143	5.71	48	1.7	3.2	13,115,884	4.95	2,305,495	17.6	39,458,355	18,756,523	5.69	47
Beer for Home Consumption	22,654,499	16,515,924	4.87	73	3.3	3.8	11,230,828	4.24	1,662,163	14.8	21,932,916	15,918,605	4.83	72
Imported Beer	1,135,740	780,073	0.23	69	3.1	2.8					1,101,591	758,826	0.23	69
Domestic Beer	21,518,759	15,735,851	4.64	73	3.3	3.8					20,831,325	15,159,779	4.60	73
Liquor	10,371,639	277,331	0.08	3	-0.6	0.1	255,145	0.10	104,354	40.9	10,434,244	277,054	0.08	3
Wine	6,217,590	1,974,509	0.58	32	0.0	0.2	1,283,431	0.48	453,051	35.3	6,217,590	1,970,568	0.60	32
Alcohol Coolers	875,352	597,380	0.18	68	0.2	1.2	346,480	0.13	85,927	24.8	873,605	590,296	0.18	67
BREAKFAST FOODS	8,271,329	8,123,938	2.40	98	6.1	6.2	6,141,674	2.32	830,656	13.5	7,796,987	7,651,655	2.32	98
Ready-to-Eat Cereals	6,956,950	6,889,743	2.03	99	6.8	6.8	5,167,307	1.95	656,248	12.7	6,513,998	6,451,070	1.96	99
Hominy Grits	97,187	86,915	0.03	89	4.5	4.6	67,794	0.03	12,745	18.8	93,002	83,093	0.02	89
Hot Cereals	667,734	617,307	0.18	92	-3.7	-3.3	475,326	0.18	75,102	15.8	693,389	638,373	0.19	92
Cereal Bars	351,415	341,284	0.10	97	5.9	5.9	293,504	0.11	59,288	20.2	331,837	322,270	0.10	97
Toaster Pastries	198,043	188,689	0.06	95	20.2	20.3	137,743	0.05	27,273	19.8	164,761	156,849	0.05	95
CANDY & CHEWING GUM	10,966,798	3,774,980	1.11	34	5.1	5.0	2,926,263	1.10	892,510	30.5	10,431,520	3,595,097	1.09	34
Bar Candy	3,778,367	1,190,093	0.35	31	6.6	6.3					3,543,095	1,119,360	0.34	31
Chocolate	3,028,013	949,321	0.28	31	6.7	6.4					2,837,875	892,783	0.27	31
Non-Chocolate	750,354	240,172	0.07	32	6.4	6.0					705,220	226,577	0.07	32
Packaged Chocolate	305,095	135,562	0.04	44	4.1	4.2	1,892,898	0.71			293,051	130,146	0.04	44
Chocolate Covered Creams	149,634	68,125	0.02	46	4.1	4.2					143,741	65,379	0.02	45
Chocolate Covered Fruits	85,470	35,733	0.01	42	4.8	4.5					81,555	34,194	0.01	42
Chocolate Covered Nuts	69,991	31,704	0.01	45	3.3	3.7					67,755	30,573	0.01	45
Packaged Candy Covered Chocolate	406,668	213,918	0.06	53	4.5	4.7					389,156	204,315	0.06	52
Bulk Candy	784,518	502,558	0.15	64	5.6	5.8					742,915	475,008	0.14	64
Packaged Soft Candy	130,544	67,187	0.02	51	4.9	4.1					124,446	64,541	0.02	52
Packaged Hard Candy	354,433	192,503	0.06	54	5.6	4.9					335,637	183,511	0.05	55
Hard Roll Candy	156,388	72,817	0.02	47	2.6	1.8					152,425	71,529	0.02	47
Diet Candy, Gum, Mints	28,956	21,435	0.01	74	8.7	7.9					26,638	19,866	0.01	75
Breath Fresheners	266,931	124,037	0.04	46	4.9	4.1	81,864	0.03			254,462	119,152	0.04	47
Marshmallows	101,452	89,727	0.03	88	4.9	5.1	61,014	0.02			96,713	85,373	0.02	88
Chewing Gum	2,085,606	942,731	0.28	45	3.5	3.7	725,903	0.27			2,015,717	909,054	0.27	45
Sugared	1,304,093	589,076	0.17	45	2.8	3.0					1,268,573	571,918	0.17	45
Sugarless	781,513	353,656	0.10	45	4.6	4.9					747,144	337,136	0.10	45
Other Candy	2,567,842	222,411	0.07	9	4.5	4.3	164,584	0.06			2,457,265	213,242	0.06	8
CANNED FISH & CANNED SEAFOOD	2,147,949	1,915,006	0.57	89	-6.6	-6.6	1,467,586	0.55	194,738	13.3	2,300,446	2,049,709	0.62	93
Canned Salmon	332,364	246,468	0.07	74	-5.7	-5.6	189,780	0.07	34,730	18.3	352,454	261,089	0.08	74
Canned Sardines	98,205	93,517	0.03	95	-7.3	-7.2	72,943	0.03	14,370	19.7	105,938	100,773	0.03	95
Canned Tuna	1,638,786	1,514,223	0.45	92	-6.8	-6.7	1,165,952	0.44	136,416	11.7	1,758,354	1,622,961	0.49	92
Other Canned Fish & Seafood	78,594	60,798	0.02	77	-6.1	-6.3	38,911	0.01	9,222	23.7	83,700	64,886	0.02	77
CANNED FRUITS	2,047,984	1,776,606	0.52	87	1.9	2.0	1,287,357	0.49	279,564	21.7	2,010,013	1,741,370	0.53	86
Applesauce	332,950	295,416	0.09	89	-1.5	-1.4	218,609	0.08	52,466	24.0	338,020	299,611	0.09	88
Apricots	35,239	31,666	0.01	90	8.3	8.3	23,116	0.01	4,924	21.3	32,538	29,239	0.01	90
Citrus	61,165	54,252	0.02	89	0.7	0.6	41,323	0.02	11,364	27.5	60,740	53,928	0.02	89
Cranberries	118,841	106,797	0.03	90	-1.8	-1.7	90,777	0.03	17,157	18.9	121,019	108,644	0.02	90
Fruit Cocktail	332,342	285,991	0.08	86	6.3	6.4	200,194	0.08	40,039	20.0	312,645	268,789	0.08	86
Peaches	404,421	350,471	0.10	87	4.6	4.8	231,311	0.09	48,113	20.8	386,636	334,419	0.10	86
Pears	185,378	157,905	0.05	85	2.0	2.1	124,745	0.05	24,824	19.9	181,743	154,657	0.05	85
Pineapples	240,916	204,361	0.06	85	-5.2	-5.1	157,358	0.06	37,294	23.7	254,131	215,343	0.06	85
Other Canned Fruits	336,733	289,747	0.09	86	4.4	4.7	199,925	0.08	43,384	21.7	322,541	276,740	0.08	86
CANNED & BOTTLED JUICES & DRINKS[11]	5,179,201	4,432,148	1.31	86	4.4	4.6	3,065,730	1.16	712,114	23.2	4,960,111	4,238,218	1.28	85
Apple Cider & Juice	968,989	900,329	0.27	93	8.9	9.1	648,237	0.24	156,225	24.1	889,797	825,233	0.25	93
Cranberry Juice	359,841	345,927	0.10	96	4.2	4.3	325,171	0.12	70,887	21.8	345,337	331,665	0.10	96
Grape Juice	177,103	164,230	0.05	93	5.5	5.5	129,742	0.05	31,008	23.9	167,870	155,668	0.05	93
Grapefruit Juice	144,170	121,304	0.04	84	-10.4	-10.3	95,830	0.04	20,220	21.1	160,904	135,233	0.04	84
Nectars	60,633	57,365	0.02	95	-1.3	-1.3	43,597	0.02	10,507	24.1	61,432	58,121	0.02	95
Orange Juice	106,378	84,507	0.02	79	-5.5	-5.6	64,225	0.02	16,570	25.8	112,569	89,520	0.03	79
Pineapple Juice	95,982	90,242	0.03	94	-9.0	-8.9	67,682	0.03	16,717	24.7	105,475	99,058	0.03	94
Prune Juice	135,913	117,398	0.03	86	-1.1	-1.0	86,875	0.03	19,460	22.4	137,425	118,584	0.03	86
Other Fruit Juices	42,724	33,016	0.01	77	-2.4	-2.3	25,752	0.01	7,983	31.0	43,775	33,793	0.01	77
Vegetable Juice[12]	370,213	328,283	0.10	89	-0.3	-0.1	285,909	0.10	53,980	20.3	371,327	328,612	0.10	88
Fruit Drinks	1,753,134	1,502,856	0.44	86	6.3	6.6	901,714	0.34	200,181	22.2	1,649,232	1,409,809	0.43	85
Aseptic Juices & Drinks	864,350	604,034	0.18	70	5.3	5.1	338,259	0.13	90,992	26.9	820,845	574,723	0.17	70
Aseptic Juices & Drink Concentrates	99,770	82,656	0.02	83	6.0	5.7	72,737	0.03	17,384	23.9	94,123	78,199	0.02	83
CANNED MEATS & SPECIALTY FOODS	1,735,631	1,343,518	0.40	77	-5.2	-4.9	951,661	0.36	209,600	22.0	1,830,881	1,412,575	0.43	77
Beef Hash	110,485	87,176	0.03	79	0.3	0.4	63,638	0.02	12,791	20.1	110,155	86,829	0.03	79
Corned Beef	66,933	61,662	0.02	92	-2.0	-1.9	45,013	0.02	10,398	23.1	68,299	62,856	0.02	92
Ham	249,102	216,892	0.06	87	-12.1	-11.3	134,473	0.05	37,249	27.7	283,392	244,523	0.07	86
Lunch Meats	180,386	156,348	0.05	87	-3.4	-3.0	115,698	0.04	16,082	13.9	186,735	161,183	0.05	86

11 Full strength and concentrated juices, non-carbonated

12 Chiefly tomato juice and blends

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Meat Spreads	88,363	77,875	0.02	88	-1.7	-2.1	57,628	0.02	10,431	18.1	89,891	79,545	0.02	88
Poultry	161,850	150,198	0.04	93	-2.7	-2.6	100,633	0.04	16,101	16.0	166,341	154,207	0.05	93
Sausages & Frankfurters	159,365	141,893	0.04	89	-2.5	-2.6	105,001	0.04	26,460	25.2	163,451	145,681	0.04	89
Other Canned Meats	719,148	451,475	0.13	63	-5.7	-5.5	329,577	0.12	80,087	24.3	762,617	477,751	0.14	62
CANNED MILK	442,502	398,872	0.12	90	6.3	6.3	303,143		27,283	9.0	416,454	375,264	0.11	90
Condensed Milk	30,456	18,404	0.01	60	11.3	10.4					27,364	16,670	0.00	61
Evaporated Milk	412,046	380,468	0.11	92	5.9	6.1					389,090	358,594	0.12	92
CANNED PREPARED FOODS	2,210,704	2,062,859	0.61	93	5.1	5.2	1,629,659	0.62	415,516	25.5	2,104,079	1,960,765	0.59	93
Chili	353,772	310,966	0.09	88	3.0	3.1	245,663	0.09	46,430	18.9	343,468	301,616	0.09	88
Meat Stew	182,514	163,538	0.05	90	1.6	1.8	129,195	0.05	27,389	21.2	179,640	160,646	0.05	89
Mexican Food	777,623	730,803	0.22	94	10.0	10.1	577,334	0.22	172,046	29.8	706,930	663,763	0.20	94
Oriental Food	259,276	249,297	0.07	96	-0.9	-0.9	196,345	0.07	61,053	31.0	261,633	251,561	0.07	96
Pasta	637,517	608,256	0.18	95	4.1	4.3	480,522	0.18	108,598	22.6	612,408	583,179	0.17	95
CANNED & DRY SOUP	2,958,017	2,818,834	0.83	95	2.9	2.7	2,161,483	0.82	415,884	19.2	2,875,884	2,744,840	0.83	95
Canned Soup	2,143,208	2,046,216	0.60	95	4.4	4.5	1,534,862	0.58	256,289	16.7	2,052,953	1,957,592	0.59	95
Condensed Soup	1,470,731	1,402,678	0.41	95	5.0	5.1					1,400,696	1,334,613	0.40	95
Single Strength	672,477	643,537	0.19	96	3.1	3.3					652,257	622,979	0.19	95
Dry Soup Mixes[13]	725,398	688,548	0.20	95	-1.9	-2.8	564,609	0.21	144,540	25.6	739,448	708,383	0.21	96
Instant Bouillon & Cubes	89,410	84,070	0.02	94	7.1	6.6	62,212	0.02	15,055	24.2	83,483	78,865	0.02	94
CANNED VEGETABLES	3,704,672	3,284,185	0.97	89	-1.2	-1.2	2,539,768	0.96	549,952	21.7	3,750,397	3,323,429	1.01	88
Asparagus	95,690	85,647	0.03	90	-3.9	-4.0	67,861	0.03	16,442	24.3	99,573	89,216	0.03	89
Beans (Waxed & Green)	454,284	409,159	0.12	90	-4.5	-4.3	298,686	0.11	65,114	21.8	475,690	427,543	0.13	90
Beans with Pork or Sauce[14]	472,927	433,984	0.13	92	-1.0	-0.9	325,488	0.12	60,541	18.6	477,704	437,925	0.13	92
Beets	82,098	73,699	0.02	90	-3.4	-3.3	58,959	0.02	13,325	22.6	84,988	76,214	0.02	90
Corn	650,685	585,073	0.17	90	-0.7	-0.6	473,909	0.18	112,790	23.8	655,272	588,605	0.18	90
Mushrooms	249,180	223,333	0.07	90	2.3	2.2	176,433	0.07	44,638	25.3	243,578	218,525	0.07	88
Peas	354,903	316,137	0.09	89	-1.5	-1.4	230,780	0.09	54,233	23.5	360,308	320,626	0.10	89
Potatoes	125,234	107,801	0.03	86	-1.8	-1.7	64,681	0.02	14,747	22.8	127,530	109,665	0.03	86
Sauerkraut	74,063	67,173	0.02	91	-2.7	-2.8	52,395	0.02	11,684	22.3	76,118	69,108	0.02	91
Tomatoes	444,245	385,170	0.11	87	-0.9	-0.7	319,691	0.12	70,012	21.9	448,280	387,885	0.12	86
Tomato Sauce	401,912	342,724	0.10	85	1.1	0.8	271,179	0.10	49,626	18.3	397,539	340,004	0.10	85
Tomato Paste	185,965	158,706	0.05	85	-2.5	-2.5	131,726	0.05	21,998	16.7	190,733	162,775	0.05	85
Tomato Puree	61,394	52,035	0.02	85	0.4	0.3	44,230	0.02	9,509	21.5	61,149	51,879	0.01	85
Other Canned Vegetables	52,091	43,546	0.01	84	0.3	0.2	23,950	0.01	5,293	22.1	51,935	43,459	0.01	84
CONDIMENTS, DRESSINGS, SPREADS, RELISHES & SAUCES	8,182,274	6,585,710	1.94	80	3.5	3.4	5,119,095	1.93	1,181,561	23.1	7,908,916	6,366,358	1.93	80
Condiments	**2,538,573**	**2,019,443**	**0.60**	**80**	**2.8**	**2.9**	**1,547,593**	**0.58**	**417,112**	**27.0**	**2,468,402**	**1,961,659**	**0.59**	**79**
Barbecue Sauces	442,574	385,349	0.11	87	9.2	8.8	304,426	0.11	67,583	22.2	405,288	354,181	0.11	87
Condiment Sauces	158,410	124,931	0.04	79	7.6	7.5	91,200	0.03	23,894	26.2	147,221	116,215	0.03	79
Flavor Enhancers	20,737	18,638	0.01	90	-0.4	-0.3	13,792	0.01	2,786	20.2	20,820	18,694	0.00	90
Catsup	625,297	494,398	0.15	79	0.4	0.4	360,911	0.14	103,942	28.8	622,806	492,428	0.15	79
Meat Tenderizers	32,934	27,189	0.01	83	0.0	0.0	20,664	0.01	6,571	31.8	32,934	27,189	0.01	82
Onion Flakes	45,644	39,736	0.01	87	1.8	1.9	30,199	0.01	7,550	25.0	44,837	38,995	0.01	87
Pepper	255,687	184,168	0.05	72	2.2	2.4	138,126	0.05	33,426	24.2	250,183	179,852	0.05	72
Prepared Mustard	194,286	152,391	0.04	78	1.3	1.4	120,389	0.05	28,171	23.4	191,793	150,287	0.04	78
Salt	150,844	124,568	0.04	83	2.6	2.7	93,426	0.04	21.114	22.6	147,021	121,293	0.03	82
Spices	612,159	468,075	0.14	76	1.1	1.2	374,460	0.14	122,074	32.6	605,499	462,525	0.14	76
Dressings & Spreads	**2,516,148**	**2,118,202**	**0.63**	**84**	**2.5**	**2.6**	**1,687,308**	**0.64**	**292,179**	**17.3**	**2,455,688**	**2,065,298**	**0.62**	**84**
Pourable Salad Dressings	983,479	863,661	0.25	88	5.4	5.6	699,565	0.26	169,295	24.2	933,092	817,861	0.25	88
Spoonable Salad Dressings	519,346	455,559	0.13	88	6.2	5.9	378,114	0.14	36,677	9.7	489,026	430,178	0.13	88
Mayonnaise	831,063	666,980	0.20	80	-2.6	-2.7	500,225	0.19	63,530	12.7	853,247	685,488	0.21	80
Sandwich Spreads	42,376	37,532	0.01	89	-4.8	-4.8	28,149	0.01	4,560	16.2	44,513	39,424	0.01	88
Vinegar	139,884	94,471	0.03	68	3.0	2.3	81,245	0.03	18,118	22.3	135,810	92,347	0.03	68
Relishes & Appetizers	**1,434,664**	**979,129**	**0.29**	**68**	**5.4**	**5.5**	**782,492**	**0.30**	**201,251**	**25.7**	**1,361,754**	**928,438**	**0.28**	**68**
Bottled Green Olives	191,785	163,388	0.05	85	8.8	9.1	135,612	0.05	37,022	27.3	176,273	149,760	0.04	85
Canned Ripe Olives	220,505	188,906	0.06	86	5.8	5.7	153,014	0.06	37,488	24.5	208,417	178,719	0.05	86
Pickled Cucumbers,	895,170	518,235	0.15	58	5.3	5.4	414,588	0.16	107,793	26.0	850,114	491,684	0.15	58
Tomatoes, Peppers, Relishes & Mixed Pickles	127,204	108,600	0.03	85	0.2	0.3	79,278	0.03	18,947	23.9	126,950	108,275	0.03	85
Spaghetti Sauces	**1,692,889**	**1,468,936**	**0.43**	**87**	**4.3**	**4.1**	**1,101,702**	**0.42**	**271,019**	**24.6**	**1,623,072**	**1,410,963**	**0.43**	**87**
Meatless	1,478,607	1,299,161	0.38	88	4.3	4.1					1,417,648	1,247,993	0.38	88
With Meat	187,771	146,299	0.04	78	4.5	4.4					179,685	140,133	0.04	78
With Clams	26,511	23,476	0.01	89	3.0	2.8					25,739	22,837	0.01	89
DESSERTS	683,192	599,492	0.18	88	3.3	3.4	460,572	0.17	95,902	20.8	661,218	579,603	0.17	88
Packaged Gelatin[15]	248,361	227,661	0.07	92	3.6	3.1	177,576	0.07	31,964	18.0	239,731	220,816	0.06	92
Prepared Puddings[16]	317,690	270,307	0.08	85	3.9	4.6	205,433	0.08	46,839	22.8	305,765	258,420	0.08	84
Dried Toppings	14,290	13,506	0.00	95	4.4	4.2	10,670	0.00	2,785	26.1	13,688	12,962	0.00	95
Ice Cream & Dessert Toppings	102,850	88,017	0.03	86	0.8	0.7	66,893	0.03	14,315	21.4	102,034	87,405	0.02	86

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[13] Includes instant and mixes

[14] Includes baked beans.

[15] Both flavored and unflavored

[16] Both instant and other prepared puddings. Includes corn starch puddings, tapioca and rennet. Includes shelf-stable products

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total
DRIED FOODS	4,157,049	3,377,332	1.00	81	6.7	6.8	2,518,530	0.95	544,994	21.6	3,895,562	3,161,888	0.96	81
Dried Vegetables & Fruits	2,507,039	1,862,719	0.55	74	6.1	5.9	1,372,488	0.52	316,745	23.1	2,363,550	1,758,885	0.53	74
Dried Beans & Peas	496,345	254,910	0.06	51	0.9	1.0	152,946	0.06	29,672	19.4	491,918	252,386	0.07	51
Fruits	701,282	541,785	0.16	77	1.6	1.4	422,592	0.16	106,916	25.3	690,401	534,244	0.16	77
Apricots	30,473	21,450	0.01	70	2.0	2.1					29,875	21,009	0.00	70
Dates	42,016	36,927	0.01	88	4.3	4.6					40,284	35,303	0.01	87
Figs	11,544	8,303	0.00	72	6.5	6.6					10,839	7,789	0.00	72
Raisins	427,572	330,178	0.10	77	1.1	1.3					422,920	325,941	0.10	77
Prunes	168,060	129,340	0.04	77	2.1	0.6					164,623	128,569	0.04	78
Other Dried Fruits[17]	21,596	15,586	0.00	72	-1.2	-0.3					21,860	15,633	0.00	71
Instant Mashed Potatoes	209,227	200,360	0.06	96	14.7	14.9	148,266	0.06	35,436	23.9	182,412	174,378	0.05	95
Other Instant Potatoes	60,255	56,287	0.02	93	2.9	3.0	41,652	0.02	8,747	21.0	58,557	54,648	0.01	93
Rice	1,039,330	809,376	0.24	78	10.6	8.9	607,032	0.23	135,975	22.4	940,262	743,229	0.22	79
OTHER DRIED FOODS	1,650,010	1,514,613	0.45	92	7.7	-8.0	1,146,042	0.43	228,249	19.9	1,532,012	1,403,003	0.42	91
Cured Fish	231,134	148,666	0.04	64	3.8	3.9	114,473	0.04	27,130	23.7	222,672	143,086	0.04	64
Dry Gravy Mixes	94,613	90,723	0.03	96	6.6	6.5	66,228	0.02	18,678	28.2	88,755	85,186	0.02	96
Dry Dinner Mixes	1,047,707	1,019,025	0.30	97	9.3	9.3	764,269	0.29	141,390	16.5	958,561	932,319	0.28	97
Breading Mixes	95,760	80,606	0.02	84	4.7	4.8	58,842	0.02	12,180	20.7	91,461	76,914	0.02	84
Dry Stuffing Mixes	180,797	175,593	0.05	97	6.0	6.1	142,230	0.05	28,873	20.3	170,563	165,496	0.05	97
FATS & SHORTENINGS[18]	1,893,282	1,578,056	0.47	83	-0.6	-0.2	1,207,930	0.46	209,162	17.3	1,903,887	1,581,407	0.48	83
Cooking & Salad Oils	1,222,127	1,007,845	0.30	82	-1.3	-1.1	806,278	0.30	154,805	19.2	1,238,224	1,019,055	0.31	82
Lard	78,312	33,214	0.01	42	-5.5	-5.6	24,246	0.01	3,443	14.2	82,870	35,184	0.01	42
Olive Oil	181,750	172,014	0.05	95	9.3	9.3	125,570	0.05	22,728	18.1	166,285	157,378	0.05	94
Shortening	411,093	364,963	0.11	89	-1.3	-1.3	251,838	0.10	28,208	11.2	416,508	369,790	0.11	89
JAMS, JELLIES & PRESERVES	2,688,548	2,185,363	0.64	81	0.2	0.3	1,502,218	0.57	298,093	19.8	2,683,755	2,179,713	0.66	81
Citrus Marmalade	14,819	12,510	0.00	84	2.9	2.9	674,320	0.25	168,580	25.0	14,401	12,157	0.01	86
Fruit Butter	8,288	7,184	0.00	87	5.0	5.1					7,893	6,835	0.01	86
Jams, Preserves	850,657	730,601	0.22	86	-2.5	2.6					829,909	712,087	0.21	86
Jellies	283,073	241,352	0.07	85	0.8	0.9					280,826	239,199	0.07	85
Honey	197,455	141,117	0.04	71	2.1	1.0	101,604	0.04	18,390	18.1	193,394	139,720	0.04	72
Peanut Butter	1,334,257	1,052,600	0.31	79	-1.7	-1.6	726,294	0.27	111,123	15.3	1,357,332	1,069,715	0.32	79
PASTA	1,919,273	1,379,964	0.41	72	5.6	5.4	1,034,973	0.39	268,058	25.9	1,817,305	1,309,170	0.40	72
Macaroni	664,385	441,599	0.13	66	4.6	4.5					635,167	422,583	0.13	66
Noodles	476,222	354,860	0.10	75	10.8	10.3					429,803	321,723	0.10	75
Spaghetti	778,667	583,505	0.17	75	3.5	3.3					752,335	564,864	0.17	75
PREPARED DRINKS	9,441,794	7,155,648	2.11	76	0.9	-3.2	5,270,515	1.99	1,110,649	21.1	9,360,528	7,394,147	2.24	79
Cocoa	310,609	280,171	0.08	90	-9.7	-9.5	229,740	0.09	53,070	23.1	343,814	309,743	0.09	90
Unsweetened Cocoa	25,460	18,816	0.01	74	-10.3	-10.2					28,383	20,953	0.00	74
Prepared Sweet Cocoa	285,150	261,355	0.08	92	-9.6	-9.5					315,431	288,790	0.09	92
Coffee	6,740,481	4,698,200	1.39	70	0.8	-5.3	3,452,475	1.30	687,043	19.9	6,684,219	4,960,018	1.50	74
Regular Coffee	4,922,584	3,405,744	1.01	69	-7.7	-7.5	2,486,193	0.94	469,890	18.9	5,333,244	3,681,885	1.11	69
Instant Coffee	1,202,950	1,139,456	0.34	95	-9.4	-9.3	854,592	0.32	190,574	22.3	1,327,759	1,256,291	0.38	94
Whole Bean Coffee	614,947	153,000	0.05	25	3.1	3.0	111,690	0.04	29,821	26.7	NC	NC	-	-
Powdered Drink Mixes[19]	736,805	697,197	0.21	95	2.7	2.8	508,954	0.19	106,880	21.0	717,434	678,207	0.20	94
Dry Milk Powder[20]	135,523	128,299	0.04	95	5.9	5.9	92,375	0.03	21,246	23.0	127,973	121,151	0.03	95
Prepared Food Drinks	86,889	81,726	0.02	94	-2.1	-2.2	53,939	0.02	13,431	24.9	88,753	83,564	0.02	94
Tea	1,050,037	918,594	0.27	87	1.9	1.8	679,979	0.26	161,835	23.8	1,030,340	902,369	0.27	87
Bags & Loose Tea	422,637	378,139	0.11	89	2.0	1.9	294,948	0.11	102,052	34.6	414,350	371,088	0.11	89
Herb Tea	205,194	149,031	0.04	73	6.1	6.4	110,282	0.04	25,585	23.2	193,397	140,067	0.04	72
Ice Tea Mixes	307,508	286,038	0.08	93	-0.2	0.0	203,087	0.08	48,741	24.0	306,124	286,038	0.08	93
Instant Tea	114,698	105,386	0.03	92	0.2	0.2	71,662	0.03	17,844	24.9	114,469	105,176	0.03	92
Breakfast Drinks	121,349	114,539	0.03	94	0.3	0.2	82,468	0.03	19,380	23.5	120,966	114,310	0.03	94
Coffee Creamer	260,100	236,923	0.07	91	5.3	5.4	170,585	0.06	47,764	28.0	247,009	224,785	0.07	91
SNACKS	9,870,648	6,419,297	1.89	65	5.4	5.8	4,109,997	1.55	1,094,338	26.6	9,368,718	6,064,964	1.84	65
Corn Chips	1,487,399	1,114,909	0.33	75	6.6	6.7	758,138	0.29	204,697	27.0	1,395,309	1,044,901	0.31	75
Fruit Rolls & Bars	378,661	319,700	0.09	84	16.3	16.4	198,214	0.07	50,743	25.6	325,590	274,656	0.08	84
Packaged Unpopped Popcorn	849,526	717,144	0.21	84	8.2	8.6	387,258	0.15	115,016	29.7	785,144	660,354	0.20	84
Popped Popcorn	671,054	457,130	0.13	68	15.5	12.6	251,422	0.09	76,181	30.3	580,999	405,977	0.12	70
Pork Rinds	302,754	266,050	0.08	88	5.9	5.7	170,272	0.06	50,911	29.9	285,887	251,703	0.07	88
Potato Chips	4,253,117	2,372,879	0.70	56	5.1	4.4	1,542,371	0.58	364,000	23.6	4,046,734	2,272,873	0.69	56
Pretzels	408,210	378,163	0.11	93	12.1	12.9	302,530	0.11	78,355	25.9	364,148	334,954	0.10	92
Snack Nuts[21]	1,519,926	793,321	0.23	52	-4.1	-3.2	499,792	0.19	154,436	30.9	1,584,907	819,546	0.25	52

17 Excludes fruit rolls and bars (listed under Snacks).

18 Margarine included with dairy.

19 Excludes "breakfast drinks" (listed separately).

20 Includes chocolate syrup-based drinks, malted milk items and other non-refrigerated items but excludes chocolate syrup.

21 Includes bulk nuts.

NC—Not Comparable

—Not Applicable

DRY GROCERY—FOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
SOFT DRINKS	18,304,706	10,870,001	3.21	59	4.4	5.2	8,989,253	3.39	1,868,346	20.8	17,531,406	10,331,071	3.13	59
Bottled Soft Drinks	14,559,995	7,335,634	2.16	50	2.4	2.0	8,395,077	3.17	1,720,991	20.5	14,215,349	7,191,545	2.18	50
Diet	1,148,954	891,367	0.26	78	3.9	3.5					1,105,827	861,224	0.26	78
Sugared	13,411,041	6,444,267	1.90	48	2.3	1.8					13,109,522	6,330,321	1.92	48
Canned Soft Drinks	3,103,044	2,902,266	0.86	94	12.4	11.9					2,760,020	2,592,725	0.78	94
Diet	1,278,809	1,164,614	0.34	91	12.9	12.6					1,132,692	1,034,293	0.31	91
Sugared	1,824,235	1,737,652	0.51	95	12.1	11.5					1,627,328	1,558,432	0.47	96
Bottled Water	641,667	632,102	0.19	99	15.4	15.6	594,176	0.22	147,356	24.8	556,037	546,801	0.16	98
SWEETENERS & FLAVORS	2,989,243	2,454,366	0.72	82	4.1	4.0	1,841,479	0.70	289,327	15.7	2,872,349	2,359,637	0.71	82
Flavoring Extracts	173,459	115,286	0.03	66	5.6	5.2	85,311	0.03	26,190	30.7	164,312	109,596	0.03	67
Vanilla Extracts	105,546	70,313	0.02	67	6.6	5.9	52,032	0.02	15,922	30.6	99,011	66,396	0.02	67
Other Flavoring Extracts	67,913	44,972	0.01	66	4.0	4.1	33,279	0.01	10,316	31.0	65,301	43,201	0.01	66
Marshmallow Cream	12,882	11,464	0.00	89	2.7	2.7	8,254	0.00	1,997	24.2	12,543	11,163	0.00	89
Packaged Molasses	26,559	22,988	0.01	87	3.6	3.7	17,011	0.01	3,879	22.8	25,636	22,168	0.00	86
Sugar	1,878,559	1,589,776	0.47	85	2.9	2.8	1,176,434	0.44	144,701	12.3	1,825,616	1,546,475	0.47	85
Synthetic Sweeteners	291,055	256,555	0.08	88	5.4	5.7	192,416	0.07	45,218	23.5	276,143	242,720	0.07	88
Table Syrup	606,730	458,296	0.14	76	6.8	7.2	362,053	0.14	67,342	18.6	568,099	427,515	0.13	75
TOTAL DRY GROCERY (Food)	146,059,907	97,367,534	28.73	67	3.2	3.5	71,616,634	27.03	14,331,776	20.0	141,474,355	94,091,939	28.50	66
TOTAL FOODS	379,358,621	256,965,985	75.83	68	4.7	4.9	201,162,690	75.93	52,207,983	26.0	362,317,418	244,910,375	74.30	67

DRY GROCERY—NONFOOD

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
HOME CANNING SUPPLIES	117,632	94,440	0.03	80	1.3	1.1	78,385	0.03	18,342	23.4	116,153	93,427	0.03	80
Caps, Lids, Bands	68,108	58,202	0.02	85	1.4	1.2					67,166	57,512	0.02	85
Jars	49,524	36,238	0.01	73	1.1	0.9					48,985	35,915	0.01	73
LAUNDRY SUPPLIES	1,776,585	1,642,527	0.48	92	1.1	1.2	1,190,079	0.45	177,995	15.0	1,757,757	1,623,675	0.49	92
Bleaches	721,703	674,407	0.20	93	-0.6	-0.5	478,829	0.18	49,319	10.3	725,923	677,661	0.20	93
Chlorine Bleach	324,432	304,735	0.09	94	-1.5	-1.4					329,373	309,062	0.09	94
Non-Chlorine	345,681	323,065	0.10	93	0.5	0.6					343,961	321,138	0.10	93
Dry Bleach	51,590	46,607	0.01	90	-1.9	-1.8					52,589	47,461	0.01	90
Bluing	5,057	[illegible]	0.00	83	1.0	0.9	2,939	0.00	464	15.8	5,007	4,162	0.00	83
Fabric Softeners	773,578	717,312	0.21	93	2.6	2.7	530,811	0.20	92,361	17.4	753,975	698,454	0.21	92
Soil & Stain Remover	183,515	162,465	0.05	89	2.8	2.9	118,599	0.04	23,245	19.6	178,517	157,886	0.04	88
Laundry Starch[22]	92,731	84,144	0.02	91	-1.7	-1.6	58,901	0.02	12,605	21.4	94,335	85,512	0.02	90
SOAPS & DETERGENTS	6,603,037	6,026,015	1.78	91	3.9	3.7	4,609,429	1.74	628,413	13.6	6,357,355	5,813,194	1.76	91
Cleansers (Scouring)	286,999	227,698	0.07	79	2.0	2.0	166,220	0.06	34,408	20.7	281,372	223,233	0.07	79
Laundry Bar Soaps	4,515	3,601	0.00	80	-9.6	-9.6	2,773	0.00	374	13.5	4,994	3,983	0.00	80
Soap Flakes, Chips,Powders	34,579	32,772	0.01	95	-8.2	-8.1	23,924	0.01	3,230	13.5	37,668	35,660	0.01	95
Liquid Detergents	2,100,016	1,979,195	0.58	94	2.3	1.8	1,578,217	0.60	206,746	13.1	2,053,456	1,943,911	0.59	95
Heavy Duty	781,740	732,682	0.22	94	7.3	6.4	593,472	0.22	74,777	12.6	728,555	688,611	0.21	94
Other Liquid Detergents[23]	1,318,276	1,246,513	0.37	95	-0.5	-0.7	984,745	0.37	130,071	13.3	1,324,901	1,255,300	0.38	95
Other Detergents	2,670,839	2,555,650	0.75	96	6.7	6.7	1,942,512	0.73	217,561	11.2	2,504,221	2,395,997	0.72	95
Dishwashing Compounds	509,696	451,078	0.13	88	8.4	8.0	351,841	0.13	47,499	13.5	470,199	417,665	0.12	89
Other Dry Low-Sudsing	920,392	880,335	0.26	96	7.0	7.2	660,251	0.25	67,346	10.2	860,179	821,208	0.25	95
Other Dry Detergents	1,240,752	1,224,237	0.36	99	5.7	5.8	930,420	0.35	102,346	11.0	1,173,843	1,157,124	0.35	98
Toilet Soaps/Detergents	1,360,598	1,143,346	0.34	84	2.2	1.4	834,643	0.32	166,094	19.9	1,331,879	1,127,731	0.34	84
Bath Detergents	140,432	107,937	0.03	77	3.7	2.0					135,421	105,821	0.03	78
Bath Soaps	373,317	285,540	0.08	76	3.8	2.1					359,650	279,667	0.08	78
Deodorant Soaps & Bars	547,463	544,561	0.16	99	1.2	1.0					540,971	539,169	0.16	99
Liquid Soaps	299,387	205,308	0.06	69	1.2	1.1					295,837	203,074	0.06	68
Water Softening Salt	145,490	83,754	0.02	58	1.2	1.3	61,140	0.02	13,329	21.8	143,765	82,679	0.02	57
OTHER CLEANERS, CLEANSERS & SUPPLIES	3,707,559	2,395,821	0.71	65	4.0	4.1	1,729,761	0.65	484,252	28.0	3,565,967	2,301,262	0.70	64
All-Purpose Cleaners (Liquid)	817,687	729,635	0.22	89	4.9	5.1	561,819	0.21	130,342	23.2	779,462	694,229	0.21	89
Cellulose Sponges	161,943	113,645	0.03	70	[illegible]	0.7	80,688	0.03	35,089	43.5	158,768	112,865	0.03	71
Drain Pipe Solvents	35,163	32,706	0.01	93	2.1	2.3	26,166	0.01	5,704	21.8	34,440	31,971	0.01	93
Household Ammonia	53,094	36,543	0.01	69	4.6	4.5	26,311	0.01	5,526	21.0	50,759	34,989	0.01	69
Household Brooms	161,229	104,316	0.03	65	0.7	0.5	127,734	0.05	52,243	40.9	160,108	103,797	0.03	65

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[22] Includes dry, liquid and spray starch.

[23] Includes dishwashing liquids.

DRY GROCERY—NONFOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Mops	222,183	127,928	0.04	58	2.0	1.5					217,826	126,037	0.04	58
Spot Cleaning Fluid	54,185	22,428	0.01	41	0.2	0.0	15,924	0.01	5,207	32.7	54,077	22,428	0.01	41
Household Disinfectants	306,365	234,919	0.07	77	5.0	5.3	169,142	0.06	39,748	23.5	291,861	223,061	0.07	76
Aerosol	242,216	181,377	0.05	75	4.7	5.0					231,343	172,740	0.05	74
Non-Aerosol	64,149	53,542	0.02	83	6.0	6.4					60,518	50,321	0.01	83
Household Deodonzers	379,291	217,397	0.06	57	7.9	7.2	156,526	0.06	42,105	26.9	351,403	202,793	0.06	58
Aerosol,Room	107,446	72,598	0.02	68	5.1	4.7					102,232	69,339	0.02	68
Non-Aerosol,Room	271,846	144,799	0.04	53	9.1	8.5					249,171	133,455	0.04	53
Rug Cleaners	99,682	73,361	0.02	74	14.1	14.3	55,021	0.02	15,736	28.6	87,364	64,183	0.02	73
Oven Cleaners	64,133	60,585	0.02	94	-3.1	-3.2	46,045	0.02	10,452	22.7	66,185	62,588	0.02	94
Steel Wool & Wire Sponges	127,133	117,219	0.03	92	2.2	2.3	83,225	0.03	22,055	26.5	124,396	114,584	0.03	92
Toilet Bowl Cleaners	124,632	108,006	0.03	87	3.5	3.8	76,684	0.03	19,861	25.9	120,417	104,052	0.03	86
Vacuum Cleaner Bags	776,241	174,879	0.05	23	2.1	1.9	127,662	0.05	58,597	45.9	760,275	171,618	0.05	22
Wall & Floor Cleaners	63,234	55,087	0.02	87	-1.2	-1.3	39,112	0.01	9,230	23.6	64,002	55,813	0.02	87
Window Cleaners	128,534	106,935	0.03	83	6.3	5.2	75,924	0.03	17,766	23.4	120,916	101,649	0.03	84
All Other Cleaners[24]	132,830	80,233	0.02	60	7.4	7.5	61,779	0.02	14,580	23.6	123,678	74,635	0.02	60
PAPER, PLASTIC & FOIL PRODUCTS	16,167,494	12,189,442	3.60	75	5.4	3.3	9,286,810	3.51	1,828,590	19.7	15,338,567	11,795,029	3.58	77
Cleansing/Facial Tissues	1,040,602	889,919	0.26	86	1.4	1.3	774,230	0.29	133,942	17.3	1,026,235	878,499	0.26	85
Coffee Filters	102,573	102,102	0.03	100	6.5	6.5	75,555	0.03	22,213	29.4	96,313	95,870	0.03	99
Disposable Diapers	3,418,501	2,313,483	0.68	68	5.2	1.9	1,642,573	0.62	95,269	5.8	3,249,526	2,270,346	0.69	70
Incontinence Products	879,485	91,830	0.03	10	17.6	30.5	73,464	0.03	21,966	29.9	747,861	70,368	0.02	9
Freezer Paper	24,520	20,694	0.01	84	24.6	24.8	15,314	0.01	4,227	27.6	19,679	16,582	0.01	84
Paper Cups[25]	459,101	358,871	0.11	78	0.3	0.0	305,040	0.12	67,109	22.0	457,728	358,871	0.11	78
Paper Napkins	492,944	449,564	0.13	91	5.0	3.1	359,651	0.14	93,509	26.0	469,470	436,047	0.13	93
Paper Plates[25]	781,340	618,703	0.18	79	3.4	2.9	482,588	0.18	71,423	14.8	755,648	601,266	0.18	79
Paper Towels	1,970,635	1,727,336	0.51	88	2.7	1.9	1,174,588	0.44	280,727	23.9	1,918,827	1,695,129	0.51	88
Moistened Wipes[26]	211,614	167,515	0.05	79	11.2	10.3	123,961	0.05	29,379	23.7	190,300	151,872	0.04	80
Sandwich Bags	8,772	8,078	0.00	92	-1.2	-1.1	5,897	0.00	731	12.4	8,879	8,168	0.01	92
Toilet Paper	3,056,973	2,864,502	0.85	94	5.8	5.3	2,033,796	0.77	488,111	24.0	2,889,388	2,720,325	0.82	94
Waxed Paper	40,948	35,490	0.01	87	6.2	6.4	26,263	0.01	5,857	22.3	38,557	33,355	0.01	86
Other Paper Products	116,553	32,802	0.01	28	8.9	8.7	23,945	0.01	5,196	21.7	107,028	30,177	0.01	28
Plastic Cutlery	66,552	55,072	0.02	83	0.7	1.3	27,536	0.01	6,085	22.1	66,089	54,365	0.01	82
Household Aluminum Foil	472,936	423,899	0.13	90	4.1	4.3	339,119	0.13	62,059	18.3	454,309	406,423	0.12	89
Disposable Aluminum Cookware	232,390	174,751	0.05	75	2.9	2.5	145,043	0.05	36,551	25.2	225,841	170,489	0.05	75
Plastic Bags	2,502,062	1,632,347	0.48	65	6.1	2.7	1,518,083	0.57	376,485	24.8	2,357,237	1,590,109	0.48	67
Garbage Disposal	1,839,381	1,083,389	0.32	59	6.9	3.2	1,007,552	0.38	252,896	25.1	1,720,656	1,049,796	0.32	61
Food & Other Bags	662,681	548,958	0.16	83	4.1	1.6	510,531	0.19	125,080	24.5	636,581	540,313	0.16	85
Plastic Film Wrap	288,993	222,482	0.07	77	11.3	7.6	140,164	0.05	27,752	19.8	259,652	206,768	0.06	79
PESTICIDES & RODENT CONTROL	642,761	364,621	0.11	57	9.9	6.1	277,112	0.10	74,266	26.8	585,040	343,703	0.10	59
Aerosol	283,243	186,211	0.05	66	2.3	1.8					276,875	182,918	0.05	66
Liquid (Non-Aerosol)	48,696	31,613	0.01	65	-3.9	-4.1					50,672	32,965	0.01	65
Pastes,Solids,Strips	41,660	28,511	0.01	68	9.5	9.6					38,046	26,014	0.01	68
Personal Insect Repellants	95,853	47,753	0.01	50	36.1	22.8					70,428	38,887	0.01	55
Non-Chemical Pest Control[27]	173,309	70,532	0.02	41	16.3	12.1					149,019	62,919	0.02	42
WAXES & POLISHES	368,607	287,744	0.08	78	-3.8	-3.5	199,875	0.08	47,169	23.6	383,122	298,217	0.09	78
Furniture Polish	234,570	182,518	0.05	78	-4.7	-4.4	124,112	0.05	27,925	22.5	246,138	190,918	0.06	77
Buffing Floor Wax	9,015	5,538	0.00	61	-9.2	-9.1	75,763	0.03	19,244	25.4	9,928	6,092	0.00	61
Self-Polishing Floor Wax	125,023	99,689	0.03	80	-1.6	-1.5					127,056	101,207	0.03	79
OTHER HOUSEHOLD SUPPLIES	2,856,270	1,335,744	0.39	47	0.9	0.9	755,040	0.28	249,829	33.1	2,830,482	1,323,812	0.40	46
Charcoal Briquettes	347,897	311,789	0.09	90	-0.8	0.5	177,720	0.07	33,945	19.1	350,703	310,238	0.09	88
Charcoal Lighter	112,500	81,031	0.02	72	1.0	1.1	53,480	0.02	13,637	25.5	111,386	80,149	0.02	72
Electric Christmas Bulbs/Sets	310,135	34,231	0.01	11	2.0	0.0	20,539	0.01	8,585	41.8	304,054	34,231	0.01	11
Electric Light Bulbs[28]	1,256,611	512,689	0.15	41	0.1	0.0	276,852	0.10	116,001	41.9	1,255,356	512,689	0.15	41
Fireplace Logs	120,977	84,990	0.03	70	3.2	3.6	73,091	0.03	18,200	24.9	117,226	82,037	0.02	70
Household Glue	25,812	3,260	0.00	13	2.6	1.3	1,891	0.00	715	37.8	25,158	3,218	0.00	13
Household Tints & Dyes	54,324	4,948	0.00	9	4.9	5.0	2,870	0.00	1,116	38.9	51,786	4,712	0.00	9
Matches[29]	38,136	29,640	0.01	78	2.5	2.6	17,784	0.01	6,367	35.8	37,206	28,889	0.01	77
Shoe Polish	259,033	79,627	0.02	31	4.3	6.5	40,610	0.02	18,599	45.8	248,354	74,767	0.02	29
Gloves	122,587	90,369	0.03	74	-3.7	-3.1	55,125	0.02	22,491	40.8	127,257	93,296	0.03	73
Cloth Gloves	49,650	19,039	0.01	38	-5.2	-5.1					52,373	20,062	0.01	38
Rubber Gloves	72,937	71,330	0.02	98	-2.6	-2.6					74,884	73,234	0.02	98
Household Supplies n.c.e.	208,258	103,171	0.03	50	3.1	3.6	35,078	0.01	10,173	29.0	201,996	99,586	0.03	49
PET FOODS[30]	6,874,203	6,237,718	1.84	91	1.2	0.7	4,503,588	1.70	839,069	18.6	6,790,864	6,197,243	1.88	91
Canned Pet Food	2,350,506	2,155,001	0.64	92	1.5	0.7	1,566,488	0.59	317,997	20.3	2,315,183	2,140,293	0.65	92
Canned Cat Food	1,328,670	1,214,517	0.36	91	1.7	0.6	896,743	0.34	190,534	21.2	1,306,460	1,207,273	0.36	92

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[24] Includes borax and similar products.

[25] Includes plastic and other non-paper disposables.

[26] Includes baby wipes.

[27] Includes mouse and other traps.

[28] 200 watt and under, including non-residential use. Grocery store sales are estimated to be 70 percent residential.

[29] Includes wooden and book matches.

[30] Cage bird food and other pet accessories listed under General Merchandise.

DRY GROCERY—NONFOOD

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Canned Dog Food	1,021,836	940,484	0.28	92	1.3	0.8	667,744	0.25	127,539	19.1	1,008,723	933,020	0.28	92
Dry Pet Food	3,215,192	2,978,092	0.88	93	0.8	0.6	2,114,446	0.80	336,197	15.9	3,188,996	2,961,502	0.90	93
Dry Cat Food	1,007,915	932,560	0.28	93	2.9	2.5	662,118	0.25	124,478	18.8	979,509	909,815	0.27	93
Dry Dog Food	2,207,278	2,045,532	0.60	93	-0.1	-0.3	1,452,328	0.55	213,492	14.7	2,209,487	2,051,687	0.62	93
Semi-Moist Pet Food	353,610	306,128	0.09	87	-7.5	-7.8	229,411	0.09	42,900	18.7	382,257	332,127	0.10	87
Semi-Moist Cat Food	192,128	172,129	0.05	90	-6.1	-6.4	122,212	0.05	21,998	18.0	204,609	183,898	0.05	90
Semi-Moist Dog Food	161,482	133,999	0.04	83	-9.1	-9.6	107,199	0.04	20,153	18.8	177,648	148,229	0.04	83
Pet Snacks	448,980	422,346	0.12	94	5.0	4.0	299,844	0.11	66,865	22.3	427,600	406,102	0.12	95
Cat Litter	505,915	376,152	0.11	74	6.1	5.3	293,399	0.11	75,110	25.6	476,828	357,219	0.11	75
TOBACCO PRODUCTS	**32,595,922**	**15,779,612**	**4.66**	**48**	**2.7**	**5.6**	**11,881,245**	**4.48**	**1,682,022**	**14.2**	**31,729,582**	**14,943,321**	**4.53**	**47**
Cigarettes	30,904,073	15,206,206	4.49	49	3.0	5.9	11,708,779	4.42	1,650,938	14.1	30,008,800	14,361,631	4.35	48
Filter-Tipped Cigarettes	29,608,473	14,555,205	4.30	49	3.4	6.5					28,634,887	13,666,859	4.14	48
Other Cigarettes	1,295,600	651,001	0.19	50	-5.7	-6.3					1,373,913	694,772	0.21	50
Cigars	611,850	70,589	0.02	12	-2.0	-2.3	36,706	0.01	7,598	20.7	624,337	72,251	0.02	11
Other Tobacco Products[31]	1,079,998	502,816	0.15	47	-1.5	-1.3	135,760	0.05	23,486	17.3	1,096,445	509,439	0.15	46
TOTAL DRY GROCERY (Nonfood)	**71,710,070**	**46,353,684**	**13.68**	**65**	**3.2**	**3.6**	**34,511,324**	**13.03**	**6,029,948**	**17.5**	**69,454,889**	**44,732,883**	**13.56**	**64**

HEALTH AND BEAUTY AIDS

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
DIETING AIDS	621,495	386,254	0.11	62	12.0	25.4	262,653	0.10	61,461	23.4	555,129	308,023	0.09	55
Diet Supplements	153,990	103,944	0.03	67	6.3	6.6					144,864	97,508	0.03	67
Metered Calorie Meals[32]	285,462	234,467	0.07	82	49.3	54.3					191,200	151,955	0.04	79
Reducing Preparations	182,043	47,844	0.01	26	-16.9	-18.3					219,065	58,560	0.02	27
COSMETICS	5,676,728	716,000	0.21	13	3.2	1.6	533,448	0.20	168,457	31.6	5,498,438	704,413	0.21	13
Eye Makeup Products	2,926,402	600,519	0.18	21	0.9	0.8	444,384	0.17	139,981	31.5	2,898,986	596,041	0.18	20
Eye Shadow	1,092,589	238,635	0.07	22	1.3	1.4					1,078 568	235,340	0.07	22
Eyeliner	298,273	58,705	0.02	20	0.7	-1.2					296,200	59,418	0.02	20
Mascara	1,299,300	256,817	0.08	20	1.2	1.1					1,283,893	254,023	0.08	20
Other Eye Prep. & Accessories[33]	236,239	46,362	0.01	20	-1.7	-1.9					240,325	47,260	0.01	20
Lipstick (& Gloss)	1,685,547	60,280	0.02	4	5.9	7.0	47,018	0.02	14,623	31.1	1,591,640	56,336	0.02	3
Makeup Bases	865,873	45,859	0.01	5	5.5	6.0	34,853	0.01	11,501	33.0	820,518	43,281	0.01	5
Cake	80,056	4,031	0.00	5	4.1	3.4					76,903	3,898	0.00	5
Cream	241,798	11,589	0.00	5	6.3	6.5					227,468	10,882	0.00	5
Lotion	544,019	30,240	0.01	6	5.4	6.1					516,147	28,501	0.01	5
Pressed Cake Powder & Blush	198,906	9,342	0.00	5	6.2	6.7	7,193	0.00	2,352	32.7	187,294	8,755	0.00	4
FAMILY PLANNING	702,898	102,853	0.03	15	9.1	15.8	92,948	0.04	40,550	43.6	644,326	88,822	0.02	14
Condoms	267,515	48,854	0.01	18	10.4	15.7	41,526	0.02	21,635	52.1	242,314	42,225	0.01	17
Female Contraceptives[34]	60,853	10,410	0.00	17	-1.1	7.1	9,577	0.00	3,390	35.4	61,530	9,720	0.00	16
Home Pregnancy Tests	374,530	43,589	0.01	12	10.0	18.2	41,845	0.02	15,524	37.1	340,482	36,877	0.01	11
FEMININE HYGIENE PRODUCTS	1,898,447	1,103,369	0.33	58	4.5	4.1	992,439	0.37	221,815	22.4	1,816,636	1,059,600	0.32	58
Douches	71,678	29,782	0.01	42	2.8	3.4	27,995	0.01	7,811	27.9	69,697	28,810	0.01	41
Liquid Douches	40,916	16,144	0.00	39	2.8	3.1					39,802	15,659	0.00	39
Powder Douches	30,762	13,638	0.00	44	2.9	3.7					29,895	13,151	0.00	44
Sanitary Napkins	1,168,137	700,860	0.21	60	3.3	3.5	658,808	0.25	166,020	25.2	1,130,820	677,159	0.20	60
Tampons	658,631	372,727	0.11	57	6.9	5.4	305,636	0.12	47,985	15.7	616,119	353,631	0.11	57
HAIR PRODUCTS	4,781,478	1,828,714	0.54	38	3.0	1.1	1,676,416	0.63	510,335	30.4	4,641,352	1,808,569	0.55	39
Coloring Preparations	880,363	106,737	0.03	12	6.0	0.0	96,063	0.04	27,282	28.4	811,663	106,737	0.03	13
Cream Rinses	172,528	94,044	0.03	55	2.1	0.1	93,644	0.04	22,943	24.5	168,979	93,950	0.03	55
Dandruff Rinses	18,599	6,649	0.00	36	3.1	1.3					18,040	6,564	0.00	36
Men's Hair Dressings	123,843	62,517	0.02	50	-3.9	-3.6	57,516	0.02	17,715	30.8	128,877	64,865	0.02	50
Men's Hair Spray	38,742	16,769	0.00	43	-3.7	-3.4					40,231	17,359	0.00	43
Other Men's Hair Dressings	85,100	45,748	0.01	54	-4.0	-3.7					88,646	47,506	0.01	53
Shampoos	1,457,093	901,113	0.27	62	4.1	2.6	838,036	0.32	231,298	27.6	1,400,324	878,044	0.26	63
Baby Shampoo	104,084	78,400	0.02	75	6.3	1.5					97,915	77,241	0.02	79

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[31] Includes pipe and cigarette tobacco, smokeless products and snuff. Excludes smoking accessories.

[32] Does not include frozen foods.

[33] Includes false eyelashes, adhesives, brushes, tweezers, etc.

[34] Includes sponges and all other non-Rx contraceptives.

HEALTH AND BEAUTY AIDS

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Color Shampoo	9,027	2,212	0.00	24	1.2	0.8					8,920	2,194	0.00	24
Medicated Shampoo	400,039	223,441	0.07	56	6.1	7.1					377,040	208,628	0.06	55
Other Shampoo	943,942	597,061	0.18	63	3.0	1.2					916,449	589,981	0.18	64
Hair Accessories	1,046,349	222,811	0.07	21	4.6	2.8	198,302	0.07	99,349	50.1	1,000,339	216,651	0.06	21
Barrettes	95,047	14,615	0.00	15	-10.0	5.0					105,608	13,919	0.00	13
Bobby Pins	45,149	11,367	0.00	25	15.2	10.8					39,192	10,259	0.00	26
Combs[35]	238,428	25,631	0.01	11	15.3	5.2					206,789	24,364	0.01	12
Curlers & Rollers	137,307	27,275	0.01	20	-10.0	-10.0					152,563	30,306	0.01	20
Hair Brushes	370,761	119,114	0.04	32	5.3	3.5					352,100	115,086	0.03	32
Hair Nets	42,752	4,582	0.00	11	20.1	15.0					35,597	3,984	0.00	11
Pin Curl Clips	32,522	10,654	0.00	33	14.7	10.3					28,354	9,659	0.00	34
Pony Tailers	84,383	9,573	0.00	11	5.3	5.5					80,136	9,074	0.00	11
Home Permanent Kits/Refills	124,107	20,663	0.01	17	-11.9	-16.1	18,390	0.01	5,480	29.8	140,871	24,628	0.01	17
Waveset Preparation	63,941	17,767	0.01	28	17.2	15.1	15,457	0.01	4,513	29.2	54,557	15,436	0.00	28
Women's Hair Conditioners	368,807	160,379	0.05	43	3.8	1.5	139,530	0.05	39,347	28.2	355,305	158,009	0.05	44
Women's Hair Spray	482,622	220,078	0.06	46	-3.0	-3.2	206,873	0.08	58,752	28.4	497,548	227,353	0.07	45
Other Hair Dressings	63,228	15,956	0.00	25	-2.5	-2.3	12,605	0.00	3,655	29.0	64,849	16,332	0.00	25
HEALTH AIDS	1,237,512	566,203	0.17	46	2.8	2.2	468,443	0.18	134,846	28.8	1,204,223	553,853	0.17	46
Baby Oils & Lotions	109,566	88,571	0.03	81	1.5	1.6	72,628	0.03	19,319	26.6	107,947	87,176	0.03	81
Baby Pants	61,572	8,274	0.00	13	0.3	0.1	6,785	0.00	2,633	38.8	61,388	8,266	0.00	13
Baby Powder	104,673	49,548	0.01	47	3.1	2.9	40,629	0.02	8,938	22.0	101,526	48,152	0.01	47
Cotton Swabs	100,278	62,241	0.02	62	0.4	0.8	51,038	0.02	14,852	29.1	99,878	61,747	0.02	62
Diaper Rash Products	48,694	28,736	0.01	59	7.8	9.3	23,564	0.01	6,292	26.7	45,171	26,291	0.01	58
Fever Thermometers	42,816	15,615	0.00	36	5.1	3.6	12,804	0.00	4,315	33.7	40,738	15,072	0.00	37
First Aid Products	587,257	263,892	0.08	45	0.4	0.5	216,391	0.08	62,970	29.1	584,959	262,512	0.08	45
Adhesive Bandages	229,534	119,841	0.04	52	0.7	0.8					227,938	118,890	0.03	52
Adhesive Tapes	79,548	47,326	0.01	59	1.2	1.3					78,605	46,719	0.01	59
Cotton Balls	86,868	31,764	0.01	37	-3.0	-3.2					89,555	32,814	0.01	36
First Aid Kits	44,056	23,744	0.01	54	1.1	1.3					43,577	23,439	0.01	54
Gauze Bandages	53,310	13,191	0.00	25	2.1	2.2					52,214	12,907	0.00	25
Gauze Dressings	58,486	12,913	0.00	22	1.2	1.4					57,792	12,735	0.00	22
Other First Aid Cotton	35,454	15,113	0.00	43	0.5	0.7					35,278	15,008	0.00	42
Nipples & Pacifiers	60,766	21,440	0.01	35	13.3	12.2	21,226	0.01	7,472	35.2	53,633	19,109	0.00	35
Nursing Bottles	61,624	8,920	0.00	14	11.4	10.6	8,206	0.00	2,806	34.2	55,318	8,065	0.00	14
Disposable Bottle Liners	60,266	18,965	0.01	31	12.3	8.6	15,172	0.01	5,250	34.6	53,665	17,463	0.00	32
NAIL CARE PRODUCTS[36]	644,274	122,552	0.04	19	2.4	2.6	96,816	0.04	32,724	33.8	629,470	119,478	0.03	19
Manicure Implements	211,577	60,788	0.02	29	4.9	8.3					201,694	56,129	0.02	28
Nail Polish & Enamel	376,717	49,415	0.01	13	1.7	-2.3					370,420	50,578	0.01	13
Nail Polish Remover	55,979	12,350	0.00	22	-2.4	-3.3					57,356	12,771	0.00	22
ORAL HYGIENE PRODUCTS	2,889,398	1,575,061	0.46	55	2.2	2.3	1,265,059	0.48	215,299	17.0	2,826,131	1,540,262	0.47	54
Denture Products	329,767	137,137	0.04	42	2.4	2.5	11,166	0.00	2,680	24.0	321,895	133,770	0.04	41
Denture Adhesives	149,787	57,571	0.02	38	2.5	3.1					146,134	55,840	0.02	38
Denture Cleaners	179,979	79,566	0.02	44	2.4	2.1					175,761	77,929	0.02	44
Mouthwash & Gargles	711,083	391,619	0.12	55	-1.2	-0.8	340,709	0.13	54,854	16.1	719,699	394,777	0.12	55
Breath Fresheners[37]	28,442	13,719	0.00	48	15.6	14.9	11,250	0.00	3,566	31.7	24,604	11,940	0.00	48
Toothbrushes	450,698	159,905	0.05	35	5.5	6.1	131,122	0.05	40,517	30.9	427,202	150,712	0.04	35
Toothpaste & Powder	1,272,668	835,967	0.25	66	2.1	2.6	744,011	0.28	103,418	13.9	1,246,492	814,783	0.25	65
Dental Floss	96,760	36,714	0.01	38	12.2	7.1	26,801	0.01	10,265	38.3	86,239	34,280	0.01	40
PACKAGED MEDICATIONS	9,197,583	3,306,225	0.98	36	3.3	4.4	2,730,272	1.03	829,907	30.4	8,899,583	3,165,791	0.96	35
Acne Preparations	224,022	42,838	0.01	19	0.7	0.9	35,556	0.01	10,133	28.5	222,465	42,456	0.01	19
Aerosol Antiseptics	98,270	19,138	0.01	19	7.0	7.2	94,927	0.04	31,516	33.2	91,841	17,853	0.00	19
Athlete's Foot Medications	150,470	38,219	0.01	25	12.0	12.3					134,348	34,033	0.01	25
Burn Remedies	58,389	16,274	0.00	28	2.8	2.5					56,799	15,877	0.00	28
External Antiseptics	34,356	6,983	0.00	20	7.5	7.3					31,959	6,517	0.00	20
Foot Salves, Ointments	79,235	18,786	0.01	24	2.3	2.6					77,454	18,310	0.00	23
Poison Ivy Remedies	79,086	19,249	0.01	24	14.8	15.4					68,890	16,680	0.00	24
Antacids	955,659	443,349	0.13	46	6.0	6.8	385,714	0.15	89,100	23.1	901,723	415,221	0.12	46
Effervescent Antacids	110,466	64,836	0.02	59	8.3	7.2					102,000	60,481	0.02	59
Liquid Antacids	405,264	170,313	0.05	42	4.9	6.2					386,334	160,370	0.05	41
Powder Antacids	6,070	2,725	0.00	45	1.0	1.1					6,010	2,695	0.00	45
Tablets, Pills, Gum, Lozenges	433,859	205,476	0.06	47	6.5	7.2					407,379	191,675	0.06	47
Cold Capsules, Tablets	868,713	472,864	0.14	54	4.4	3.4	367,748	0.15	80,652	20.8	832,101	457,315	0.14	55
Cough Medications	1,372,594	272,402	0.08	20	-2.2	-2.9	190,681	0.07	46,145	24.2	1,403,772	280,474	0.08	20
Cough Drops, Lozenges, Troches	436,908	96,379	0.03	22	4.6	2.3					417,632	94,240	0.03	22
Cough Drops	263,737	86,011	0.03	33	4.3	2.1					252,864	84,242	0.02	33

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[35] Includes comb clips.

[36] Excludes products for professional use only.

[37] Liquids and sprays only.

HEALTH AND BEAUTY AIDS

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total	% Change[4] from '89 to '90 Total[1]	% Change[4] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[4] to Total
Lozenges,Troches	173,171	10,368	0.00	6	5.1	3.7					164,768	8,998	0.00	6
Salves,Ointments[38]	60,419	22,144	0.01	37	2.6	2.8					58,888	21,541	0.00	36
Syrup, Elix, Expectorants	579,978	129,247	0.04	22	-9.3	-8.4					639,447	141,099	0.04	22
Other Cough/Cold Remedies[39]	295,288	24,632	0.01	8	2.6	4.4					287,805	23,594	0.01	8
Nasal Sprays & Drops	193,126	23,717	0.01	12	-0.7	-0.9	20,397	0.01	5,732	28.1	194,487	23,932	0.01	12
Analgesics	2,812,422	1,235,981	0.36	44	3.3	3.7	1,024,478	0.39	211,042	20.6	2,722,638	1,192,003	0.36	44
Internal Analgesics	2,468,978	1,126,254	0.33	46	3.2	3.5	923,528	0.35	191,170	20.7	2,392,340	1,087,966	0.33	45
Arthritic	107,437	35,098	0.01	33	4.7	5.2					102,614	33,363	0.01	32
Extra Strength	1,151,327	563,559	0.17	49	3.2	3.1					1,115,627	546,614	0.16	49
Menstrual Pain	65,773	31,008	0.01	47	0.0	0.3					65,773	30,915	0.01	47
Pediatric	108,900	45,941	0.01	42	3.8	3.9					104,913	44,217	0.01	42
Regular Strength	762,084	332,180	0.10	44	1.3	1.5					752,304	327,271	0.10	43
Sinus	273,458	118,467	0.03	43	8.9	12.2					251,109	105,586	0.03	42
External Analgesics	343,443	109,728	0.03	32	4.0	5.5	100,950	0.04	25,036	24.8	330,298	104,037	0.03	42
Mouth Analgesics[40]	201,533	66,790	0.02	33	5.8	7.9					190,485	61,900	0.02	32
Other External Analgesics	141,910	42,938	0.01	30	1.5	1.9					139,813	42,137	0.01	30
Diarrhea Remedies	238,817	133,730	0.04	56	26.3	28.8	121,694	0.05	27,138	22.3	189,087	103,828	0.03	55
Hemorrhoidal Medications	230,071	69,996	0.02	30	1.8	3.1	63,696	0.02	13,567	21.3	225,968	67,905	0.02	30
Hemorrhoidal Suppositories	133,337	42,044	0.01	32	1.9	3.2					130,851	40,740	0.01	31
Hemorrhoidal Ointment	96,734	27,953	0.01	29	1.7	2.9					95,117	27,165	0.01	28
Laxatives	709,403	171,379	0.05	24	3.1	3.5	143,958	0.05	30,231	21.0	688,073	165,584	0.05	24
Eye Lotions, Washes	158,431	78,338	0.02	49	0.6	-0.1	65,021	0.02	13,654	21.0	157,486	78,416	0.02	50
Contact Lens Care Products[41]	843,519	202,400	0.06	24	2.9	4.8	163,944	0.06	45,249	27.6	819,746	193,130	0.06	23
Sleeping Aids (Non-Rx)	91,001	40,572	0.01	45	12.7	11.9	32,458	0.01	9,543	29.4	80,746	36,257	0.01	45
PERSONAL CLEANLINESS PRODUCTS	209,668	48,638	0.01	23	0.6	0.9	44,164	0.02	11,871	26.9	208,472	48,188	0.01	23
Bath Salts,Tablets,Oils, Bubble Bath	134,936	39,038	0.01	29	6.1	3.3	35,525	0.01	9,521	26.8	127,153	37,799	0.01	30
Bubble Bath	78,632	28,855	0.01	37	5.5	3.2					74,533	27,960	0.01	37
Other Salts,Oils,Tablets	56,303	10,183	0.00	18	7.0	3.5					52,620	9,839	0.00	18
Talcum & Body Powder	74,732	9,599	0.00	13	-8.1	-7.6	8,639	0.00	2,350	27.2	81,319	10,389	0.00	13
PERSONAL DEODORANTS	1,290,372	714,857	0.21	55	0.8	0.8	636,223	0.24	141,242	22.2	1,279,623	708,835	0.21	55
Stick Deodorants	573,218	344,839	0.10	60	0.3	0.2					571,503	344,151	0.10	60
Roll-On Deodorants	334,288	152,581	0.05	46	-0.1	0.5					334,623	151,822	0.04	45
Feminine Sprays	9,223	4,362	0.00	47	7.1	4.6					8,612	4,170	0.00	48
Other Aerosols	373,642	213,075	0.06	57	2.4	2.1					364,885	208,692	0.06	57
SHAVING PRODUCTS	2,083,493	695,143	0.21	33	5.0	5.0	551,320	0.21	170,122	30.9	1,983,475	662,060	0.20	33
After-Shave Lotion	354,018	112,916	0.03	32	3.2	1.3	90,333	0.03	28,997	32.1	343,041	111,467	0.03	32
Depilatories	28,096	9,921	0.00	35	-3.6	-4.2	7,937	0.00	2,603	32.8	29,145	10,356	0.00	35
Pre-Shave Products	28,407	12,047	0.00	42	0.1	1.0	9,638	0.00	2,940	30.5	28,379	11,928	0.00	42
Razor Blades	481,569	219,011	0.06	45	8.4	7.6	175,209	0.07	45,905	26.2	444,252	203,542	0.06	37
Razors (Handles)	57,151	19,070	0.01	33	11.7	10.1	14,493	0.01	5,275	36.4	51,165	17,321	0.00	34
Disposable Razors	333,706	184,837	0.05	55	10.4	9.3	144,173	0.05	52,767	36.6	302,270	169,110	0.05	56
Shaving Cream	245,321	102,680	0.03	42	-2.4	-2.6	81,117	0.03	21,090	26.0	251,353	105,421	0.03	42
Men's Cologne	555,225	34,659	0.01	6	4.0	5.3	28,420	0.01	10,544	37.1	533,870	32,915	0.01	6
SKIN CARE PRODUCTS	2,323,917	557,565	0.16	24	6.5	3.4	442,281	0.17	116,015	26.2	2,181,910	539,210	0.16	25
Face Cream	840,944	164,631	0.05	20	4.0	1.0	337,482	0.13	86,395	25.6	808,600	163,001	0.05	20
Face Lotions & Astringents	140,041	15,160	0.00	11	2.5	0.5					136,625	15,085	0.00	11
Hand & Body Lotions	585,512	222,800	0.07	38	3.5	1.0					*565,712	*220,594	0.06	39
Hand Creams	38,884	8,972	0.00	23	5.5	1.5					36,857	8,839	0.00	24
Lip Protectors	39,270	12,158	0.00	31	-3.6	-2.8	9,119	0.00	3,192	35.0	40,737	12,508	0.00	31
Liquid Face Cleansers	122,889	33,585	0.01	27	1.5	0.5	20,486	0.01	5,900	28.8	121,073	33,418	0.01	27
Suntan/Sunscreen Products	556,376	100,259	0.03	18	17.8	16.9	75,194	0.03	20,528	27.3	472,306	85,765	0.02	18
VITAMINS & TONICS	1,640,166	635,301	0.19	39	0.3	0.6	520,947	0.20	182,852	35.1	1,635,260	631,512	0.19	38
OTHER HEALTH & BEAUTY AIDS[42]	2,603,824	1,214,919	0.36	47	2.7	2.9	668,205	0.25	172,397	25.8	2,535,369	1,180,679	0.36	46
TOTAL HEALTH & BEAUTY AIDS (Non-Rx)	37,801,253	13,573,651	4.01	36	3.5	3.5	10,981,634	4.15	3,009,892	27.4	36,539,397	13,119,295	3.98	34
PRESCRIPTIONS[43]	27,255,571	3,000,790	0.89	11	5.6	11.4	3,000,790	1.13	–	–	25,810,200	2,693,707	0.82	10
TOTAL HBA & PRESCRIPTIONS	65,056,824	16,574,441	4.89	25	4.3	4.8	13,982,424	5.28	–	–	62,349,597	15,813,002	4.79	25

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38 Excludes analgesics.

39 Includes antihistamines, room decongestants, inhaler tubes and other inhalers.

40 Includes liquids and salves for use on lips and gums for blisters, teething and tooth pain, and canker sores.

41 Includes solutions, cleaning kits, tablets and cases.

42 Includes vaporizers, humidifiers and other health aid appliances, convalescent aids, home diagnostic tests, women's fragrances etc.

43 Excludes sales through hospitals.

—Not applicable.

GENERAL MERCHANDISE

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
AUDIO & VIDEO	10,787,290	1,068,637	0.32	10	4.6	7.9	651,869	0.25	244,451	37.5	10,314,847	990,221	0.30	9
Records,Tapes,Compact Disks[44]	3,618,577	271,228	0.08	7	7.8	1.9					3,356,750	266,171	0.08	8
Blank Audio Cassettes	524,400	14,912	0.00	3	6.1	5.2					494,251	14,175	0.00	3
Blank Video Cassettes	1,641,268	123,958	0.04	8	-1.0	7.8					1,657,846	114,989	0.03	7
Video Cassette Rentals[45]	5,003,046	658,539	0.19	13	4.1	10.7					4,806,000	594,886	0.18	12
AUTO SUPPLIES	2,374,556	707,088	0.21	30	6.2	3.9	622,237	0.23	128,181	20.6	2,235,066	680,579	0.21	30
Antifreeze	653,564	177,972	0.05	27	6.9	4.6					611,379	170,145	0.06	28
Automobile Polish	139,118	65,880	0.02	47	-1.9	-3.2					141,812	68,058	0.03	43
Automotive Additives	186,066	62,293	0.02	33	2.1	1.7					182,261	61,252	0.02	34
Motor Oil	1,395,785	400,942	0.12	29	7.4	5.2					1,299,614	381,124	0.12	29
ELECTRICAL APPLIANCES[46]	ND	241,953	0.07	NC	-	-7.3	225,016	0.08	69,080	30.7	ND	261,007	0.08	-
FLASHLIGHTS & BATTERIES	3,447,567	594,136	0.18	17	1.4	-2.1	528,781	0.20	211,512	40.0	3,400,141	606,734	0.18	18
Batteries	3,047,833	554,905	0.16	18	1.5	-2.3					3,002,791	567,968	0.17	19
Flashlights	399,734	39,231	0.01	10	0.6	1.2					397,350	38,766	0.01	10
GREETING CARDS	4,941,544	663,765	0.20	13	6.0	9.0	643,852	0.24	319,351	49.6	4,661,834	608,959	0.18	13
HARDWARE[47]	ND	273,862	0.08	NC	-	5.2	265,646	0.10	94,836	35.7	ND	260,325	0.08	-
HOUSEWARES	5,512,918	1,330,609	0.39	NC	3.1	5.4	1,985,006	0.75	853,553	43.0	5,347,016	1,262,838	0.39	NC
Bakeware	1,713,274	153,191	0.05	9	2.2	2.9					1,676,393	148,874	0.04	9
Barbecue Grills	694,700	4,694	0.00	1	2.7	4.6					676,436	4,488	0.00	6
Beverageware	477,227	73,866	0.02	15	-1.7	-0.9					485,480	74,537	0.02	15
Cutlery	751,071	70,467	0.02	9	11.6	9.1					673,003	64,589	0.02	9
Food Preparation Glassware	545,608	71,563	0.02	13	1.6	0.8					537,016	70,995	0.02	13
Kitchen Towels	102,600	14,250	0.00	14	-24.0	-5.0					135,000	15,000	0.00	34
Kitchen Utensils/Gadgets	ND	239,492	0.07	NC	-	8.1					ND	221,547	0.07	-
Microwave Cookware	ND	69,224	0.02	NC	-	-6.7					ND	74,195	0.02	-
Ornamental & Novelty Glassware	181,780	7,688	0.00	4	4.0	3.6					174,788	7,421	0.00	4
Plastic & Rubberware	ND	503,814	0.15	NC	-	8.3					ND	465,202	0.14	-
Pots & Pans	845,546	82,060	0.02	10	3.2	1.8					819,328	80,609	0.02	10
Tableware	201,112	40,299	0.01	20	18.6	13.9					169,572	35,381	0.01	21
OTHER HOUSEWARES[48]	ND	715,789	0.21	NC	-	7.3					ND	667,091	0.20	-
PERIODICALS	11,910,580	2,095,835	0.62	18	2.6	3.9	1,697,626	0.64	526,264	31.0	11,610,011	2,0[illegible]8,068	0.61	17
Children's Story Books	576,544	150,421	0.04	26	6.9	11.4					539,330	135,028	0.04	25
Coloring Books	240,357	32,903	0.01	14	2.3	4.1					234,953	31,607	0.01	13
Comics	144,348	42,410	0.01	29	5.7	3.5					136,564	40,976	0.01	30
Magazines[49]	2,913,063	1,643,852	0.49	56	3.5	3.7					2,814,554	1,585,200	0.48	56
Newspapers[50]	6,149,402	75,416	0.02	1	1.9	2.8					6,034,742	73,362	0.02	1
Paperback Books	1,886,865	150,832	0.04	8	2.0	-0.7					1,849,868	151,895	0.04	8
OTHER MERCHANDISE	5,067,641	618,648	0.18	NC	5.6	5.6	475,461	0.18	210,894	44.4	4,799,127	585,857	0.18	NC
Disposable Cigarette Lighters	345,844	145,710	0.04	42	3.1	3.2	118,025	0.04	50,397	42.7	335,445	141,192	0.04	42
Garden Seed Packets	112,682	60,777	0.02	54	1.5	1.7	54,699	0.02	26,310	48.1	111,017	59,761	0.02	54
Playing Cards	244,357	39,148	0.01	16	5.8	10.9	22,706	0.01	8,878	39.1	230,961	35,300	0.01	15
Road Salt & Ice Pellets	ND	22,408	0.01	NC	-	0.1	18,150	0.01	7,206	39.7	ND	22,386	0.01	-
Sewing Notions	1,787,732	69,940	0.02	4	6.0	6.1	58,050	0.02	26,181	45.1	1,686,540	65,919	0.02	4
Shoe Laces	79,460	40,988	0.01	52	7.3	6.9	16,805	0.01	5,092	30.3	74,054	38,342	0.01	52
Sunglasses	1,955,078	157,222	0.05	8	5.9	7.2	121,061	0.05	62,952	52.0	1,846,155	146,662	0.04	8
Vacuum Bottles & Jugs	542,488	82,456	0.02	15	5.4	8.1	65,965	0.02	23,879	36.2	514,955	76,295	0.02	15
Picnic Jugs	164,460	28,323	0.01	17	10.0	10.3					149,509	25,678	0.01	17
Vacuum Bottles	302,635	37,170	0.01	12	2.3	2.7					295,831	36,193	0.01	12
Lunch Boxes	75,393	16,963	0.01	22	8.3	17.6					69,615	14,424	0.00	21
PET ACCESSORIES[51]	1,808,867	476,784	0.14	26	7.9	7.3	462,480	0.17	177,592	38.4	1,676,609	444,548	0.13	26
Cage Bird Food	52,174	27,998	0.01	54	9.9	10.8					47,474	25,269	0.01	53
Pet Grooming Aids	77,217	15,576	0.00	20	7.8	5.9					71,630	14,708	0.00	20
Feeding Bowls	14,354	3,782	0.00	26	5.6	6.3					13,593	3,558	0.00	26
Flea Collars	227,191	163,290	0.05	72	6.3	6.9					213,726	152,750	0.05	71
Other Pet Accessories	1,437,931	266,138	0.08	19	8.1	7.2					1,330,186	248,263	0.07	18
PHOTO SUPPLIES & PROCESSING	9,833,102	1,443,146	0.43	15	5.3	5.9	1,327,694	0.50	318,647	24.0	9,337,241	1,362,526	0.41	14
Film	3,077,764	886,431	0.26	29	2.3	3.8					3,008,567	853,980	0.26	28

44 Includes LPs, EPs, 45s, cassettes, 8-track and disc.

45 Does not include sales of pre-recorded video cassettes, or rentals of video cassette equipment.

46 Includes all electrical appliances other than health aid appliances. Also includes portable radios, tape players and personal stereos.

47 Includes non-electric tools, fasteners, paint supplies (not paint), and wiring devices.

48 Includes bar accessories, plastic items, potholders, oven mitts, etc.

49 Does not include subscription sales.

50 Includes sales from all outlets, including subscriptions and home delivery.

51 Excluded dog and cat foods, and cat litter, which are listed under Dry Grocery Nonfood, Includes all other pet accessories not listed.

ND—Not determined.

—Not available.

**Represents a revision of the 1989 figures previously published.

NC—Not comparable.

GENERAL MERCHANDISE

CONTINUED

1990	Total Sales	Grocery Store Performance					Supermarket Performance				1989 Performance			
(add 000 to all dollar figures)	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total	% Change[3] from '89 to '90 Total[1]	% Change[3] from '89 to '90 Grocery[2]	Amount Spent in Supermarkets	% of Total Supermarket	$ Margin	% Margin	Value[1] of Total Retail Sales (all outlets)	Amount Spent in Grocery Stores[2]	% of Total Store	% Grocery[2] to Total
Processing	5,159,292	450,327	0.13	9	7.9	10.8					4,781,550	406,432	0.12	8
Flash Bulbs & Cubes	60,710	16,098	0.00	27	-6.8	-10.4					65,139	17,967	0.00	27
Still Cameras[52]	1,535,336	90,290	0.03	6	3.6	7.3					1,481,985	84,147	0.02	5
STATIONERY	865,129	170,438	0.05	20	8.8	8.3	144,872	0.05	49,401	34.1	795,516	157,383	0.05	20
Looseleaf Fillers	234,067	23,959	0.01	10	6.3	7.1					220,195	22,371	0.01	10
Notebooks	152,826	24,389	0.01	16	10.8	11.2					137,930	21,933	0.01	16
Packaged Paper & Envelopes	115,029	33,482	0.01	29	7.3	7.1					107,203	31,262	0.01	29
Writing Tablets, Pads	363,207	88,608	0.03	24	10.0	8.3					330,188	81,817	0.02	25
TOYS	14,268,656	309,637	0.09	2	2.0	4.0	247,710	0.09	96,111	38.8	13,988,878	297,728	0.09	2
UNDERWEAR & HOSIERY	6,186,143	1,070,124	0.32	NC	0.2	0.0	806,940	0.30	324,223	40.2	6,174,462	1,069,665	0.32	NC
Men's & Boy's Underwear	ND	144,894	0.04	NC	–	8.6	113,017	0.04	38,678	34.4	ND	133,420	0.04	–
Men's Hosiery	2,106,254	76,217	0.02	4	4.5	3.8	57,163	0.02	23,608	41.3	2,015,554	73,427	0.02	3
Panty Hose/Stockings	4,079,889	849,013	0.25	21	-1.9	-1.6	636,760	0.24	224,776	35.3	4,158,908	862,818	0.27	21
WRITING IMPLEMENTS	1,076,553	123,995	0.04	12	6.8	7.0	89,276	0.03	36,960	41.4	1,007,823	115,870	0.03	11
Ball & Fountain Pens	427,948	55,644	0.02	13	4.1	4.2					411,093	53,401	0.01	13
Ballpoint Refills	57,373	5,000	0.00	9	-0.1	0.0					57,430	5,000	0.00	9
Broad Tip Markers	116,870	8,979	0.00	8	4.2	5.5					112,159	8,511	0.00	7
Fine Line Porous Pens	330,643	41,693	0.01	13	13.3	12.5					291,830	37,060	0.01	13
Mechanical Pencils	54,841	8,495	0.00	15	6.4	6.7					51,542	7,962	0.00	15
Wooden Pencils	88,879	4,184	0.00	5	6.1	6.3					83,769	3,936	0.00	5
GENERAL MERCHANDISE NCE[53]	ND	1,269,514	0.37	NC	–	NC	1,256,819	0.47	390,871	31.1	ND	1,239,760	0.37	–
TOTAL GENERAL MERCHANDISE	ND	13,173,960	3.89	NC	–	4.3	11,431,285	4.31	4,051,926	41.4	ND	12,629,159	3.73	–
TOTAL FOODS, NONFOOD+	ND	333,068,070	98.29	NC	–	4.7	261,087,723	98.55	65,299,750	25.0	ND	318,075,846	96.38	–
SALES NCE[54]	ND	5,919,432	1.75	NC	–	NC	3,847,631	1.45	715,659	18.6	ND	11,612,154	3.62	–
GRAND TOTAL	ND	338,857,000	100.00	NC	–	1.1	264,935,354	100.00	66,015,409	24.9	ND	329,688,000	100.00	–

[52] Includes disc, cartridge, and 35mm still cameras.

[53] Includes clothing not listed, clocks, watches, scales, garbage cans (metal and rubber), automotive supplies not listed, snow shovels, garden tools and supplies, lawn furniture, etc.

[54] Includes sales of items not listed above from all store departments.

+ Margin based on total excluding prescriptions.
ND—Not determined.
NC—Not comparable.
NCE—Not classified elsewhere.
—Not available.

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DELI

■ Service deli sales have more than doubled over the last five years, rising 119%. Now, the dizzying growth rate is slowing, with last year's 10.4% rise well behind 1989's figure of 16.5% and 1988's 20.7%.

But that's to be expected, as growth by *adding* new departments evolves to growth *by* those departments.

"The last few years have been foundation years," consultant Howard Solganik observed at the recent FMI Show in Chicago earlier this year. "For the next few years, we'll be polishing the act, refining it, taking what we have and trying to get more out of what's already there."

"The deli is still the star because of its profit margins," says Greg Ruf, marketing vice president for Swift-Eckrich Inc. (Downers Grove, Ill). "Delis' growth has slowed down somewhat because they're not building as many new stores as they once were. And they're getting closer to the saturation point in the number of delis. So from now on, growth will come within the stores."

Almost 70% of all supermarkets now have delis, an increase of 775 units over 1989. Instore deli sales jumped 10.4% to a record $12.76 billion in 1990, according to SUPERMARKET BUSINESS's 1991 Deli Operations Review (February, 1991 issue).

The average instore deli notched weekly sales of $11,700 last year, a gain of $1,100 per week over 1989. Part of that gain, it must be said, reflected higher prices. Weekly deli sales rose for 91% of operators, with an average increase being 9.4%. Another 7% of operators reported no sales change over 1989. Only 2% reported declines.

Deli's share of total store sales dropped slightly in 1990, from 4.5% in 1989 to 4.3%, again reflecting the increase in prices. Last year, deli accounted for 14.6% of store profit. The average deli gross margin was an impressive 43.1%, with the profit on some items rising above 50%.

Curiously, both nonworking men and women buy deli take-out food more frequently than working women, according to the Food Marketing Institute's 1991 "Trends" report. Shoppers from one-person households buy supermarket take-out food with more frequency than shoppers from households with two persons or more. And shoppers aged 65 or older buy take-out

Growth has slowed. But instore delis are still a focus of the supermarket, and the focus of efforts to cater to Americans' growing appetite for convenience ... and, more than ever, fresh, healthy food.

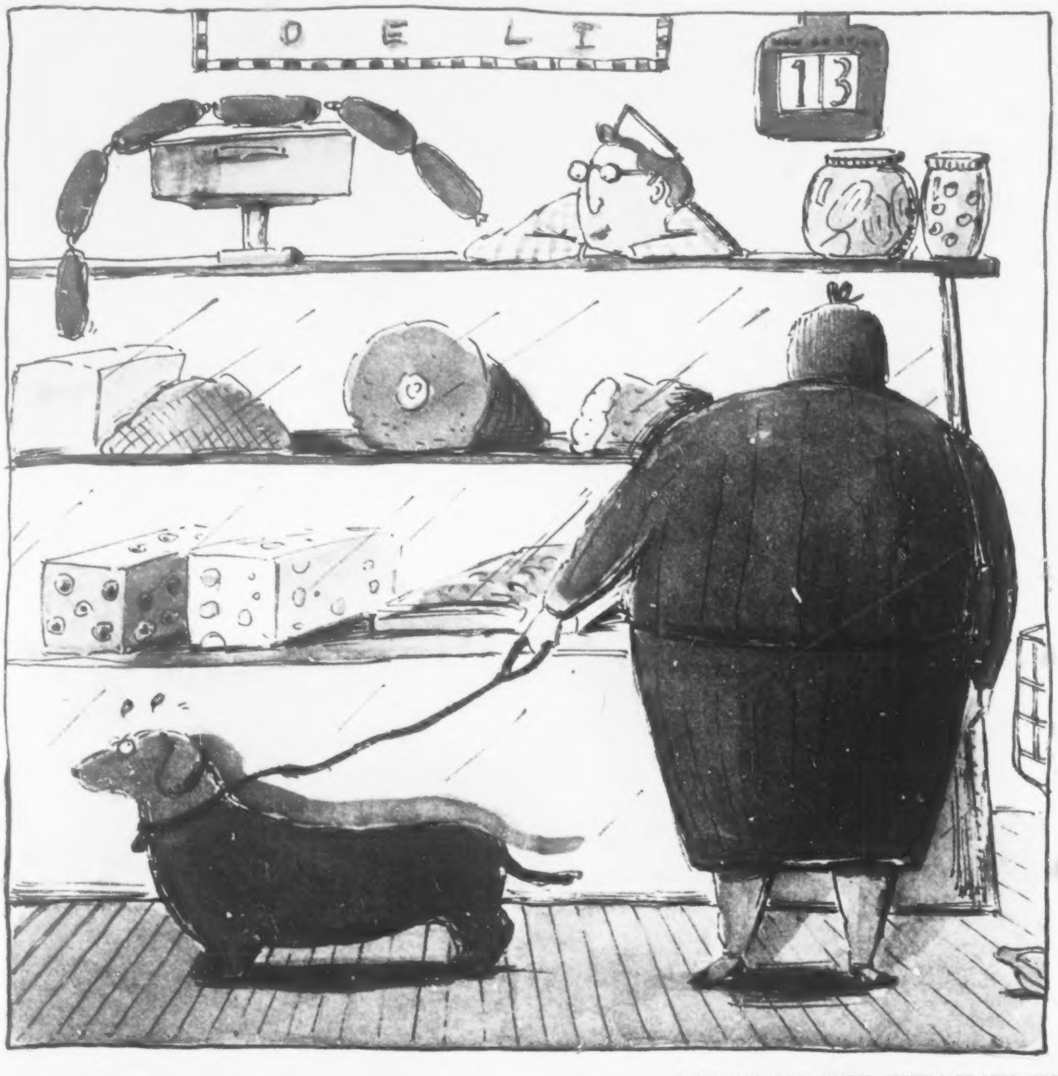

Illustration: Debbie Tilly

food more often than younger shoppers.

In our February "Deli Review," 58% of deli directors surveyed said they expect their operations to move more toward self-service, with only 20% pointing to more full-service. Lou Leo, vice president-deli for Price Chopper Supermarkets, told IDDA that self-service does help reduce labor, and offers a "distinct advantage in helping customers shop the store quickly."

But Alan Green of Blue Ridge Farms (Brooklyn, N.Y.) says that while some self-service is necessary, "it is definitely not a solution because you are removing the human element from the transaction. The deli clerk must suggest items, make recommendations, and develop a reputation in consumers' eyes for being trustworthy. They must sell ideas to the consumer, as well as products."

Key Trends Shaping Delis

Among the continuing trends that suppliers and operators say are shaping the way instore delis do business:

•Instore delis are getting larger. The average deli grew by 60 sq. ft. in 1990, to 1,470 sq. ft., or 3.9% of all store space. Sales per square foot also reached an all-time high last year, at $7.96. In addition, many operators are shifting service delis closer to the front of their stores.

•Healthier deli items—those low in fat, calories, cholesterol, and sodium—are enjoying strong growth. As Joe Salvatore, vice president of deli merchandising for Grand Union, told IDDA in its "What's In Store" report, "We feel the healthy aspect of food is still paramount, and becoming more important in many people's minds. Products such as light salads, pasta salads, and poultry will continue to get stronger."

Blue Ridge Farms (Brooklyn, N.Y.) recently rolled its Light for Life Line of salads. Entree salads include lemon seafood, pasta Florentine, chicken sesame, and turkey. Side salads include mac n' cheddar, potato and macaroni salads, and cole slaw.

•Merchandising is improving, as operators recognize the need for promotion to draw consumers back to the deli.

•Salad bar popularity remains high. According to Norman Frewin, a senior vice president for Randall's Food Markets in Houston, "Offering customers ready-to-go, ready-to-eat food is a part of life. The salad bar is not profitable in all of our stores, but it is hard to determine who shops a store because of the convenience of the salad bar."

•Growth of the hot, ready-to-eat foods department is slowing in some companies, as operators grapple with the challenge of maintaining freshness and eye appeal. But some suppliers stand ready to help, with creative new solutions. Springdale, Ark.-based Tyson Food Service offers deli items such as fried and pulled & diced chicken, and includes recipes and merchandising materials. Its Component Entree program offers operators dishes such as meat loaf, Cornish hens, and oven roasted chickens.

•Ethnic or regional offerings are being used increasingly as a marketing tool to create a niche and lure local shoppers. For example, some new supermarkets now include a complete Chinese carry-out restaurant. And Raley's in northern California and Nevada features two ethnic concepts: a Mexican Kitchen and a Hot Wok department.

•Operators are providing consumers with smaller, single-portion packages in order to cut waste and make take-out more cost-effective and convenient.

•Some operators have developed "signature" menu items, such as Ukrop's Supermarkets' bacon-cheddar potato, Schnuck Markets' chicken pot pie, and Randall's European pizzas, that distinguish their departments from the completion, and build repeat business.

•Operators are making deli service more convenient by opening separate deli registers and increasing self-service products. Some operators, like Ukrop's, even offer separate entrances leading to the service deli.

•Concerns over food safety have been met with stronger programs and increased training by many operators. Vons, for example, recently instituted a food safety program developed by the National Restaurant Association.

•New products are proliferating, as suppliers rush to satisfy shoppers' growing taste for variety. Items like sliced meats (33.6% of deli sales), cheese (15.1%), and salads (12.2%) still make up the lion's share of sales. But big gainers last year were refrigerated entrees and pizza.

Swift-Eckrich, which markets through the Butterball, Peter Eckrich, and Swift Premium brands, recently introduced a complete line of light products that carry across all three. Wrapped in a light-blue package, the products contain less fat and/or sodium.

> **'In deli, for the next few years, we'll be polishing the act, refining it, and trying to get more out of what's already there.'**

More Teamwork Seen

Bob Levine of Manor Hill Foods Inc. (Baltimore, Md.) notes an increased sense of teamwork between supermarket deli operators and suppliers. "Before, this wasn't done so much," he observes. "A supplier would say 'XYZ' and a deli manager would say 'ABC.' Now we can do the whole alphabet, and put together more successful programs."

Over the past year, Manor Hill has been working with supermarket chains to design proprietary entrees, side salads, and pasta salads. "We're trying to put complete packages together," says Levine.

"Deli management is becoming more professional," says Tom Taber, vice president of sales for Stouffer Foodservice Inc. (Solon, Ohio). "Consumers are coming to rely on instore delis as a source, rather than just an impulse buy. They've become more of a destination now."

Among the deli products introduced by Stouffer recently are broccoli au gratin; pasta florentine; sausage, onion & peppers; chicken classica; cheese-stuffed shells; a beef stew called Heartland Medley; peanut chicken; and old-fashioned "stuff'n" with corn bread.

Customers Expecting More

"It's not enough just to carry the basic salads anymore," said Michael St. Clair, deli buyer for Scarborough, Maine-based Hannaford Bros., in the IDDA report. "Consumers are demanding more interesting salads. In the past, customers used to expect potato salad, macaroni salad, and cole slaw. Now, they want more gourmet-type salads."

Brad Barger, deli field merchandiser and buyer for Safeway's Portland, Ore. division, added, "We're seeing a strong interest in restaurant-style salads, the kind consumers would typically find in specialty shops. People are looking for salads that are more upscale."

So perhaps some of the slowdown in growth reflects consumers being more selective in what they buy.

This slowdown in deli growth, coupled with an increase in the number of suppliers trying to jump on the bandwagon, will mean challenging days ahead, one manufacturer observes.

"I think the deli is a star that has maybe lost some of its glitter, and is in for some competitive times," says Mark Hyland, vice president of sales and marketing for Orval Kent Food Co. Inc. (Wheeling, Ill.). "You have a lot of entrepreneurial companies looking to get into the deli, which may create an onslaught of items and competition." Still, more choice can't help but provide more opportunity to offer consumers even better variety, product, and quality.

Recent introductions from Orval Kent include 16 new salads—potato, macaroni, and cole slaw—geared to regional tastes under the "Classics" label. The company has also rolled out a fresh-cut fruit salad line called Chilled Selections, and the Chilled Case Cuisine line of fresh refrigerated entrees. They include lasagna, mostaccioli with meatballs, cheese ravioli, beef and chicken fajitas, sweet & sour chicken, and cheese tortellini marinara.

Says Tony Alfonso of George A. Hormel & Co., recent Hormel product rollouts include 95% fat-free Virginia Style and smoked Honey hams, and a line of case-ready sliced dry sausage meats.

Randy Earle, general manager for Campbell Soup Co. (Camden, N.J.), notes that Campbell has been "not so much concentrating on new

Continued on page 121

BAKERY

■ Any baker worth his batter knows that the finest baked goods—the ones consumers love best—rise slowly and evenly.

That's just what's happening with instore bakeries. Growth has slowed because so many supermarkets now have bakeries. But it is still strong and steady.

The average instore bakery grew 7.2% last year, down from the 8.6% growth in 1989 and down significantly from the 27.8% rate in 1988. Average weekly sales per bakery rose a respectable 4.9% over 1989, to $6,617.

The percentage of weekly supermarket transactions that include a bakery purchase (27.6%) is virtually unchanged from last year, signifying a steady customer base. The size of the average bakery transaction also remained the same, at just over $2. Bakery's average gross margin rose to 56.2%, up from 53.2% in 1989.

The rise in bakery's overall percentage of total store profits—from 5.2% in 1989 to 6.5% last year—also indicates to operators the department's growing importance.

Now in Two-Thirds of Stores

Last year, 464 new bakery operations were opened in supermarkets, according to SUPERMARKET BUSINESS's Ninth Annual Instore Bakery Operations Review (April, 1991 issue). That number represents a 2.3% increase that brought the total to 20,694. In all, 67.3% of supermarkets now have instore bakeries.

And in all those bakeries recently, the hot "new product" of the day seems to be reformulation, with product lines being extended to low-fat, low-calorie, low-cholesterol, and sugar-free items, according to operators we interviewed.

Yet, the same operators who speak of health-conscious shoppers also report sweet goods sales gains. One way some companies are trying to give people both is to offer smaller (and hence lower-calorie) portions of their favorite gooey pastry...because nobody really thinks the bakery department is going to become a health food store any time soon.

"Anyone can read the consumer studies and see that people are interested in healthier foods," says Grand Met's Leavitt. "But it's sort of like conservatism. People are becoming more conservative, but it's a 30- or 40-year trend;

Two-thirds of all supermarkets now have instore bakeries, which means that the heady growth rate due to new unit installations is behind us. Now, observers agree, it's time to concentrate on better, more creative merchandising to drive up average department sales.

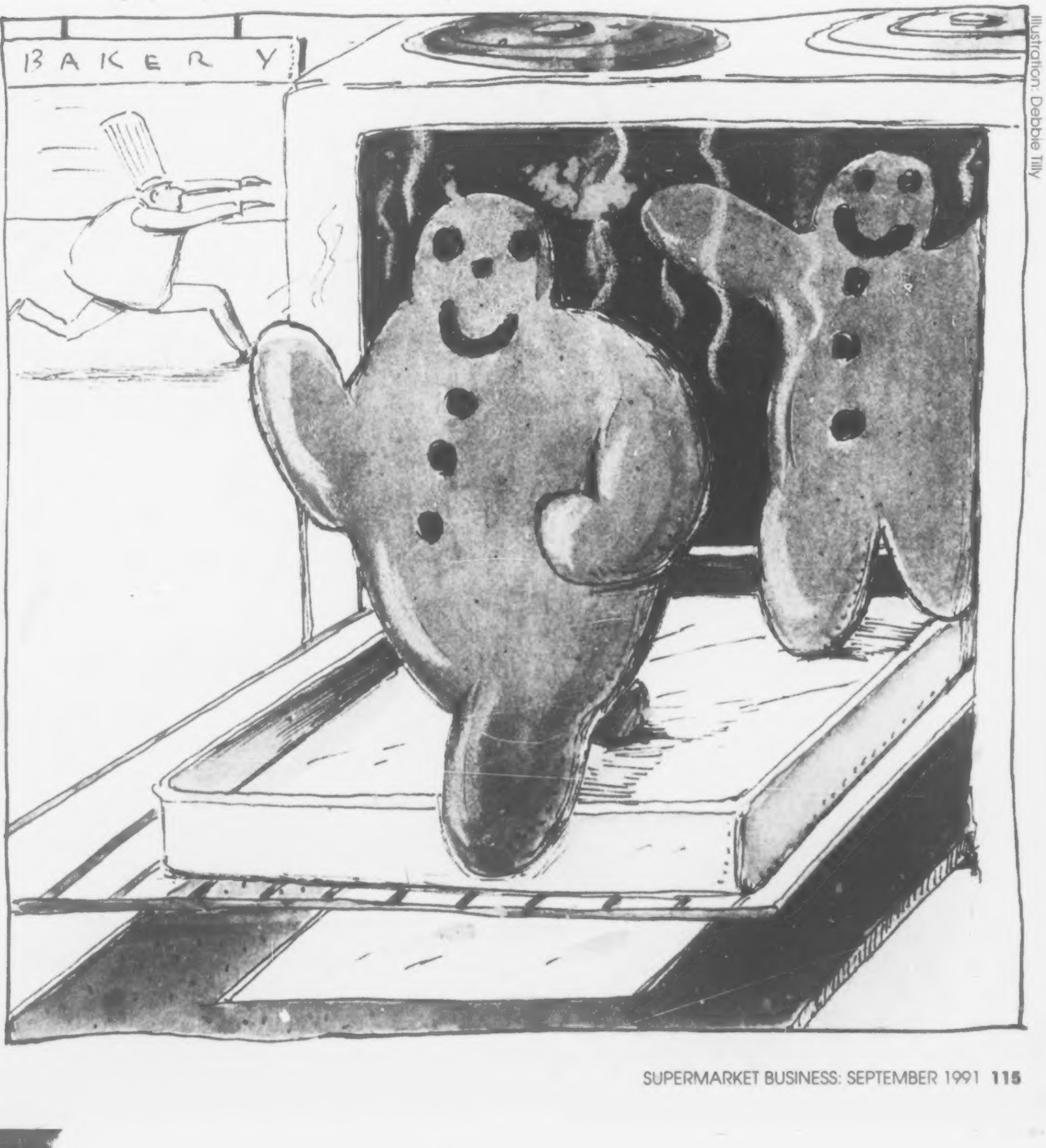

Illustration: Debbie Tilly

BAKERY

it's not like an event that happened—that in 1991, people went wild for fat free. It's not like Michael Jackson becoming hot again. I think every trend takes a lot longer to happen than anyone expects."

Grand Metropolitan "hasn't rolled out a lot of new stuff," says Leavitt, although some frozen biscuits have been introduced. The company is also expanding its existing lines of frozen products, including puff pastries, sweet goods, turnovers, and cookies.

Key: Healthy ... & Tasty

"I think customers are becoming more conscious of an overall health issue, and not just isolating something like fats," says Judy Striegle, senior product manager for Rich Products Corp. "When you can introduce products with substitutes in them—fat substitutes, sugar substitutes—and still have them taste good, then you have something."

Rich Products has introduced several new thaw-and-sell products, as well as more specialty rolls such as butterflake and Bavarian Harvest, to help complement lines already in store. "It also gives us an opportunity to present something a little different to our customers," Striegle says.

Dawn Foods' (Jackson, Mich.) spokesman Michael Jones points out that customer taste trends are moving in more than one direction.

"There's not much question that today's consumers are a lot more health conscious than they were three or four years ago," says Jones. "Entenmann's proved that to the baking industry, if nothing else did. But along with that, we're still seeing the opposite end of the continuum: the rich and gooey items, as well. It seems like product proliferation has been at both ends of the scale, which is fascinating. It's like 'work out' or 'pig out.' People are saying, 'I've just run my six miles, now I'm going to get a pecan cinnamon roll and enjoy it.'"

Portions to Go ... Running

Perhaps to snare more such joggers—and all other consumers on the run--operators are also offering smaller portions, and in many cases, single servings.

At least one observer thinks they should do more:

"We're seeing more of it, but it's not enough," says Jones of Dawn Foods. "I'm single myself, and I don't find enough six- or eight-slice loaves of bread, for instance. I think bakers are starting to react to that, but there could be a lot more. There are a whole lot of single households out there."

In recent months, Dawn Foods has introduced a number of products in the nutritional category, says Jones, including low- and reduced-fat sweet-dough items, cholesterol-free cake mixes, and low-fat muffin and cookie mixes.

J.W. Allen & Co. (Wheeling, Ill.) has rolled out three new fat- and cholesterol-free mixes as part of its Sensible Choice line: pound cake, muffins, and sweet dough, according to division vice president Al Foster. A fourth, chocolate pound cake, is expected to be introduced inside six months.

But new fat- and cholesterol-free products aren't the only things being tried to lure more shoppers to the bakery. Merchandising and other new items are doing that, too.

Choreographed Like Theater

Operators and suppliers alike know that instore bakeries must be "choreographed" like theater, in order to generate excitement and build traffic. One way to do that is with "display baking," a technique more and more operators seem to be using.

"The more you show shoppers, generally, the more success you will have," says Bill Arnold, vice president of marketing and sales for Country Home Bakers (Bridgeport, Conn.). "If you bake in the backroom, how does the customer know if the product was made here, or five miles from here?"

Theater also calls for new things coming on stage frequently. In May, J. W. Allen introduced five new European style breads: hearth, rye, pumpernickel, wheat, and sour dough.

Bohemia, N.Y.-based Bakery Products Inc. has introduced its European Classics line of pre-baked breads in three varieties: Bavarian Farmer, Prosoja, and Swiss Muesli.

But it isn't just abroad that suppliers are looking for inspiration—sometimes, a good idea is found in one's own backyard ... or bakery production facility.

According to Country Home's Arnold, "There was a time when pineapple pie was not very big, and our pumpkin pies sold only during holidays. But we found out that Hispanics like both of those products. So in a lot of areas, they're new staples."

Concern about calories and cholesterol is the impetus for a range of new "light" products. But nobody really expects the bakery to become a health foods store any time soon.

One of Country Home Bakers' more recent products is its Chop Block bread. Varieties include California vegetable, salami/provolone, spinach/cheese/mushroom, focaccia Italian seasoning, and jalapeno/cheese.

A Nickel A Cookie

Sometimes, theatrics involves getting shopper attention with an unexpected price. Hornbacher's (Fargo, N.D.) has been aggressively promoting its cookie program for several years. Every Monday and Wednesday, the store offers cookies for five cents each, without a limit. They are sold out of the service bakery case, and never packaged.

"It has developed into more than just a promotion," says general manager Dean Hornbacher. "It has become a way of doing business."

More such creative merchandising efforts are what's really needed to drive up sales, the experts say.

"There's always room for improvement," says Striegle of Rich Products. "A lot of times, what happens is that operators get so caught up in the baking end of the business, the scheduling and production, that they forget to go out and look at the front of the store. They need to look at it as if they were the customers, and ask themselves, 'Would I buy something here?' It's really not terribly attractive to have a table full of product piled one on top of the other, squished and mushed."

Dawn's Jones suggests that theater, including but not limited to display baking, is to be found in most highly successful baking operations. "Unfortunately, I don't think it's a fixture. I'm saying that it's an important merchandising tool that's under-utilized."

Jones calls sampling only part of the merchandising program. "Bakers need to be sure they're baking at the time when the customers are in the store. It doesn't make much sense to bring a baker in at one o'clock in the morning to get all his baking done by seven o'clock, when all of his customers are going to show up on their way home from work at four o'clock."

Breakfast Boxes to Go

Striving to get both the timing and the product right, West Point Markets (Akron, Ohio), is boxing breakfasts for shoppers. The program, still in its early stages, now accounts for 5% of total bakery sales. President Russ Vernon called the program "exciting."

These kinds of eye-catching new programs and products, as well as more and better merchandising, are keeping the consumer's attention on the product itself, rather than on price, even in a soft economy. That's the right approach, says Al Foster, J.W. Allen's division vice president. Instore bakers need to "promote their value, and not worry so much about the price," he says. "I don't think they have to compete with the retail bakeries."

But no matter what the price of instore bakery products, it's clear that costs must be managed more carefully than ever, if the bakery is to be adequately profitable. And operators are continuously adjusting the "production recipe" to fine-tune the "mix:"

In our April Bakery Review, 40% of operators reported that bake-off remains their most common form of bakery production; 28% also indicated they are using more than one method to prepare their growing menu of products. For example, 27% said they use scratch or mix preparation most often, and another 5% chose thaw-and-sell.

Continued on page 122

DELI

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products as on optimizing the products we introduced last year. For example, we've added tamper-evident banding to our cup-of-salads line."

Operators and suppliers agree that merchandising must improve for deli sales to continue to grow. Signage, samplings, demonstrations, case presentation, and display preparation all play key roles in bringing customers to the counter.

Just Another Deli?

According to Levine of Manor Hill Foods, however, too many operators have allowed their delis to become just another department. "Delis need to merchandise and promote better," he says. "They have to put forth the awareness that they are a full-fledged deli that just happens to be in a supermarket."

Stouffer's Taber agrees, noting that operators "should highlight their delis, promote them more. They've almost become just another department."

More highlighting is needed especially when it comes to specialty products.

"We recommend that operators not put their light bologna next to their regular bologna," says Swift-Eckrich's Ruf. "It will invariably get lost. You really need to merchandise your case to let consumers know you have the products they want, and that are nutritious for them."

But if operators do put more emphasis on merchandising, they'll be doing it with fewer people.

According to SUPERMARKET BUSINESS's Deli Review, it now takes only 7.2 full-time employees per week to operate a deli, down from 8.5 in 1989. In addition, 28% of delis operate with fewer than five workers.

How are supermarkets managing to do so? Charles Barnard, deli director for Yorktown, Ind.-based Marsh Supermarkets, found that "by reducing the cutting of vegetables, for instance, labor was reduced by three-quarters." At Ralph's Grocery Co. of Compton, Calif., party tray orders are scheduled well in advance to lessen the demand for additional labor. "Since most trays are selected on a pre-order basis, we can schedule the unit's department accordingly to get the job done," said Charlie Borgh, group vice president-perishables.

Nothing for Nothing

But while the trend seems to be to do more with less help, suppliers and operators alike continue to stress the need for more and better-trained deli workers. Without it, they say, delis can't reach their full potential.

"The reason I believe instore delis will never achieve the expectation levels that the storekeepers and the public have is because of the labor problem," says Blue Ridge Farms' Green. "The deli is labor intensive. You need a motivated, well-trained, intelligent staff. And the make-up of the store payroll in many instances doesn't allow for that. The chains that have cut back and replaced full-time workers with part-timers have constant turnover, and they are not experiencing the volume of sales that they can and should be getting." —HOWARD RIELL

DIET

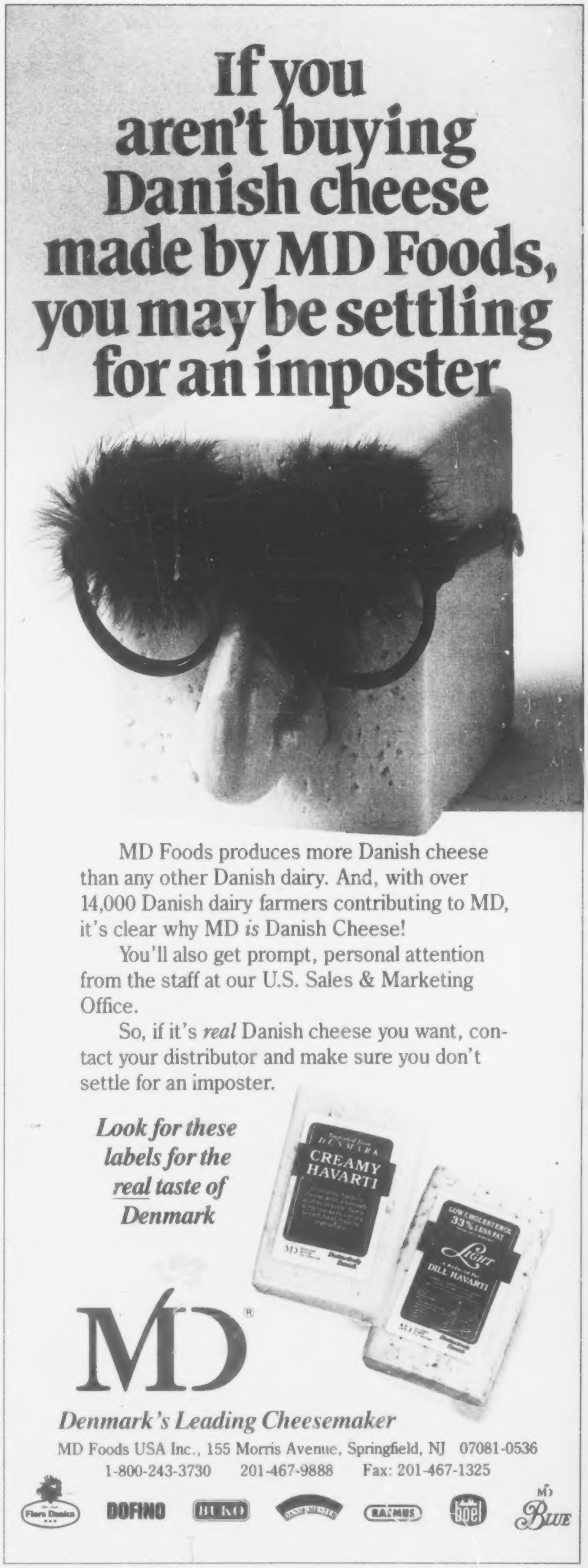
Continued from page 167

Choice, rode a wave of promotion to become the category's fastest growing line. The product's very name has also become an industry watchword: "health" has usurped "light" as the buzzword of the 1990s.

"Healthy Choice was the first to put itself in a health category specifically. The others seemed to identify themselves with 'light' eating," said Scott Rzesa, director of dairy and frozen food at D'Agostino's (New York City).

Although there are signs that the growth of the line's meals and entrees has slowed, ConAgra, the maker of Healthy Choice, hasn't slacked on the heavy promotion and consumer advertising that generated a "phenomenal" $150 million in sales in its first year, according to Susan Hanley, manager of product publicity.

The complete line consists of 22 dinners, six breakfast meals and one cholesterol-free egg product. Measuring from 10 1/2 oz. to 12 3/4 oz. in serving size, the dinners range from 230 calories (Shrimp Creole) to 350 calories (Beef Enchiladas). Fat ranges from one to eight grams (the NCEP recommends total fat of 30% or less of calories per day).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Last year, Hanley said, ConAgra was "planning to be the market leader in both diet entrees and premium dinners." And the heavy promotion that characterized Healthy Choice's introduction has continued. According to some sources, however, the boom period may be over.

Dinners Go; Entrees, No

"Healthy Choice dinners are doing well for me, but I just discontinued the entrees," says Jon Flinchbaugh, buyer-merchandiser at Larry's Market, a chain of five upscale emporiums in the Seattle area. "That sort of speaks for itself. The movement just wasn't in the entree area."

But the opposite is true on the East Coast. Rzesa of D'Agostino's says: "Dinners are just dismal overall. That category has been just dismal. Entrees have out-performed dinners in the Healthy Choice line, as well as overall." West Coast shoppers apparently prefer the convenience of complete dinners to building meals around entrees, he speculates.

Rzesa agrees that the days of rapid growth are ending. "The category has done well overall, primarily because of Healthy Choice. Healthy Choice is probably the dominant product in the market. But this is not a growing category."

Just over a year ago, ConAgra diversified its diet assortment by introducing Armour Classics Dining Light. Says spokesperson Hanley, "Dining Light is more a price-value item. It has a blue collar audience, and is mostly available in the Midwest."

Flinchbaugh sees no clear market leader in diet foods, but says some smaller producers are gaining popularity: "There's a couple of new ones coming in that are doing well, including Eating Right. It was in there before and now it's back."

Repositioning As 'Healthy'

Perhaps spurred by the stunning success of Healthy Choice, two other major lines have been repositioned to focus on health-related formulations and nutritional benefits.

Campbell Soup Co. (Camden, N.J.) has added four new entrees to its re-named LeMenu Healthy Line. Stouffer's Food Corp. (Solon, Ohio) has gone even further, adding 10 new entrees with a revamped nutritional profile to its Lean Cuisine line. Stouffer's has also discontinued its Right Course diet entree line, claiming it provided nutritional advantages too similar to the new Lean Cuisine line.

"The 'light' business just failed, and the items that cast themselves as 'light' failed too, so now I guess a lot of the diet meals are reformulating," says Rzesa of D'Agostino's.

The reformulated lines will succeed, he says, "as long as the companies back them up with enough promotional support to let the consumer know what they've got. That was the difference with Healthy Choice. They backed it up hard and heavy with promotion."

Campbell has never hesitated to advertise its product. It was this summer that the company junked the LeMenu Lightstyle name in favor of LeMenu Healthy, says Megan McNichols, manager of communications. "We wanted a name that better communicated the 'healthy' aspects of the line," she explains.

—BRIAN MAJOR

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Server Products

BAKERY

Continued from page 116

But then, of course, "Everyone has a different definition of scratch," says Jones of Dawn Foods. "Scratch used to be getting your 18 different ingredients and putting a baked product together. Over the past few years, scratch has become, 'Of course I'm a scratch baker—here's my bag of bakery mix right here.' Or, 'I don't buy frozen dough, I'm a scratch baker.' True scratch baking hasn't totally disappeared, but it certainly is much, much less prevalent than it had been a number of years ago."

"Scratch baking will be reduced in the future because the labor isn't there," says Striegle of Rich Products. "You really have to have someone who's knowledgeable if you're going to get involved in a scratch operation."

Yet, she adds, "Over the last 25 years, instore bakeries have built their reputations on that fresh connotation. We have to ask, when have we passed that point? When do you get to the point where you can't call yourself a fresh operation any more? There are still a lot of us in the industry to whom the words 'fresh' and 'baked on premise' mean a lot."

The issue is one of labor cost. And apparently, the need to reduce it still hasn't abated--the number of full-time-equivalent employees staffing the average bakery dropped from 7.8 to 7.5 over the last year, despite increases in sales, product variety, and complexity. Labor cost now averages 31.4% of sales.

Continued strong growth will depend, everyone agrees, on how well operators hear and respond to their shoppers' desires and demands.

"Success is as simple as talking to your customers," concludes Striegle. "It becomes a matter of going back to the basics that are important to people. Not using a trendy color because it's 'in,' but making sure the place is clean, the product looks fresh, the packaging looks attractive."

Adds Jones, "Supermarket bakeries that put the appropriate emphasis on their bakery programs, on producing and offering quality products, and who charge a quality price for a quality product, will have absolutely no problem growing and surviving."

—HOWARD RIELL

SEAFOOD

■ After years of successive growth, per capita consumption of seafood declined slightly to 15.5 lbs in 1990, down .01 lbs. from 1989 levels. But the industry is looking on the bright side:

Says Lee Weddig, executive vice president of the National Fisheries Institute (NFI), "In light of a recessionary economy and stagnant white-tablecloth restaurant sales — where seafood consumption has traditionally been highest—we view the 1990 performance as an indication of positive and stable consumer confidence and demand." This continued demand, plus an unusually strong salmon harvest and the resulting drop in salmon prices, has had an impact on the top 10 seafood choices.

The top 10 species, in order, are: tuna, shrimp, cod, Alaska pollock, salmon, catfish, clams, flounder/sole, scallops and crabmeat. These species account for 75% of all seafood consumed. However, in 1989, the top 10 represented a higher percentage of total consumption than they did one year later. The NFI notes that this difference suggests a change in consumer behavior, with more Americans shopping for variety and enjoying other less-well-known species.

Store Sales Up

Several important factors account for this. Advances in aquaculture, changing demographics, Americans' continued focus on healthful foods, better merchandising by supermarkets and other retailers, and greater availability are just some of them.

"Our consumption has grown steadily this year. Every large store we open now contains a seafood counter and that helps increase visibility," according to Albert Lewis, seafood sales merchandising manager, Twin County Grocers (Edison, N.J.). Twin County Grocers offer both fresh and frozen product at the counter, Lewis notes, but the company is oriented toward fresh seafood. A key objective is to overcome the misconceptions about seafood that still persist in the minds of consumers. "They don't understand the product and many don't know how to prepare it properly," he observes. "Combine that with a short shelf life and high prices, and you can very quickly find them shying away from it."

To gain the consumer's confidence, said Lewis, "we have to gain control of the quality of the product. We have to educate our people and our customers about how to prepare it, how to handle it and what

Lack of cooking knowledge by consumers is still seafood's biggest problem. But nutrition and health concerns are, more than ever, in the category's favor.

Illustration: Steve Sweny

quality means. We have to work toward making it as much of a 'no-think' meal as possible."

To do that, supermarkets will have to invest even more in training. "Training is as important as the quality of the product," Lewis contends. "Ongoing training is an important part of any seafood sales counter. We are constantly introducing new species, and we constantly have to keep our people aware of how to handle and prepare the food. There is so much to learn—everything from temperature of the product to the cleanliness of your building. Proper seafood handling is as much about facilities management as it is about product management."

Training is critical, he continued, because it not only helps make the immediate sale, but keeps customers coming back for answers to questions they have about the product. "It helps build confidence and makes us a resource for our customers."

Tim Kean, seafood and bakery merchandiser, Payless (Anderson, Ind.), said his company has been working on a seafood program since 1987 and has experienced significant increases in sales. Payless is currently trying to make people aware of the grilling opportunities seafood offers. "We have had a grilling promotion for the last two years and are starting to make some headway," Kean says. "One of the reasons we are getting good results is because we have supplier participation."

Kean piggybacks on the national "If It Swims, Grill It" promotion by offering consumers a chance to win a coupon to be used toward a seafood purchase. Stores feature a large wheel that consumers spin for prizes. Other efforts include a free barbecue grill promotion. Payless also sponsors demonstrations that highlight preparation methods with manufactured and premade sauces.

Shows Off Cooking Ease

"We do promotions on grilling, microwaving and baking, to show people how easy it is to prepare seafood, and that there are alternatives to frying," said Kean.

The biggest thing supermarkets can do to increase sales of seafood is to pay close attention to the quality of the products they sell, according to William Frank, president, Morey Fish Co. (Motley, Minn.). "Some stores are doing an excellent job in terms of quality. Others continue to sell product that should not be presented to the consumer," he says.

Should Get Better Margins

Part of the problem supermarkets face, he said, is that often they are not making the margins they need to sustain a high-quality seafood program. "They need to put a fair margin on seafood, one that allows them to sell only the freshest and best quality goods," said Frank. "I can't say this often enough—if it isn't good, throw out."

Another point he emphasized is that the industry must continually provide consumers with preparation and handling advice. "The same questions keep coming back at us," said Frank. "How do I prepare this? How long will it last in my refrigerator?"

The answer is to provide added value to the products already available, he continued. "Some supermarkets that are successful with seafood are offering seasoned fish dishes, and prepared foods that only need to be microwaved. This is an important service for consumers and we need to do more to get the product into an easy-to-prepare form."

Mark Alexander, seafood buyer and merchandiser, Hannaford Bros. (Scarborough, Maine), says that his company has seafood counters in 85 of its 100 stores. Each counter offers 30 or more items. Alexander reports increased sales on a per store basis. "We run weekly ads in our flyers, we have a recipe program and in-store demonstrations on cooking," he says. "We are expanding our demonstration and taste testing programs."

David Ptak, vice president, general manager, Chesapeake Fish Co., (San Diego, Calif.), says he is a strong supporter of supermarket merchandising efforts. The two most important things for retailers to keep in mind, according to Ptak, are dedication and a good relationship with your suppliers.

"You can't do it half way," he said. "It is a difficult item to merchandise. You have to work with it, schedule labor for it and train your people. You have to pay your people to smell like a fish by the end of the day. The retailer who wants to generate profits has to dedicate himself to the business."

Suppliers can be a useful source of training and information for supermarkets, Ptak says. "You can get the education and the service you need if you have a good relationship with your supplier. Price shouldn't be the overriding factor in the purchase. Trust is an important part of this business," he added.

"Some stores are doing an excellent job in terms of quality. Others continue to sell product that should not be presented to the consumer."

The reason proper training is so critical to success in seafood is that, because of its high cost, consumers want service. "The consumer doesn't know how to prepare it and if she can't get the answers she needs, she might as well go out for dinner," said Ptak.

Advertising, too, can go a long way toward creating awareness at the consumer level. Especially now with salmon prices so low, consumers are more willing than ever to come in and buy. The particularly strong harvests of salmon and good catches throughout the Pacific Northwest offer supermarkets a good selection at a good price, something they can use to entice customers in to the seafood counter.

Inspection to Help

Mandatory federal inspection, while not yet a reality, is expected to have a big impact on seafood. First of all, it may help consumers feel more comfortable with the product.

Ptak says that his company participates in the voluntary federal inspection program on a voluntary basis. However, he noted that supermarkets in his trading area are increasingly requiring inspection. Some stores are using inspection as a marketing tool. The impact of those efforts is still not clear. Retailers and suppliers agree that federal inspection will become more important as consumer awareness surrounding the issue rises.

Twin County Grocers' Lewis said, "Inspection can be useful as a marketing tool. But in order for it to have an impact, it must bring sales, quality and value under the umbrella of a complete inspection program. Grade A doesn't necessarily mean it is still grade A when it gets to the consumer's home."

Clearly, a federal inspection program is not a panacea for the troubles of the seafood industry. According to Lewis, "The bottom line is that if customers get a fresh-tasting and-fresh-smelling quality product at the counter, they will keep coming back, regardless of whether it has been inspected or not."

Kean agrees. "I don't think people make a conscious decision to buy based on inspection. We buy the best fish available, regardless of whether it was inspected or not. Our position is that we are the ones who have to be accountable. If our consumers have a problem with a product they purchase from us, they are not going to call the government agency that inspected the fish—they are going to come to us."

Growing populations of ethnic groups that traditionally consume larger amounts of seafood will also help fuel continued growth. "Asians and Hispanics in particular will have a definite impact on demand. They are an integral part of many of our neighborhoods," said Lewis.

Another important factor that should help spur growth is the "greying of America." As the baby boom generation gets older, it is becoming more concerned with healthful food choices. The health benefits of seafood are more attractive to an aging and more affluent population.

And aquaculture will, without a doubt, significantly change the industry. This system of harvesting product offers a constant and fresh supply of seafood; more control over pricing; and increased availability of all product, including newly farmed species.

—SANDY MONTERO

bEER

■ Year by year, the beer aisle is looking more and more like the soft drink aisle.

Little wonder, as the beer business is increasingly dominated by the Big Three brewers—Anheuser-Busch, Miller and Coors—and their expanding brand lines. In a flat market, the biermeisters are using their promotional clout to wrench market share from smaller brewers. As a result, regional beer makers who launched ambitious plans in the 1980s to develop national business, either by promoting signature brands, or by purchasing other local labels, have been forced to retrench. In some cases this occurred after having lost ground even in their original home territories.

But competition certainly isn't responsible for the overall flat market. Shifting demographics have played a roll. Growth has also been hurt by an anti-drunk-driving movement that later mushroomed into a health campaign. Which, according to many brewers, finally revealed itself to be a good old-fashioned anti-alcohol crusade, so threatening that it actually forced the various, normally divisive elements of the U.S. alcoholic beverage industry to work together.

The anti-alcohol movement may have peaked, as some observers seem to believe. But the damage it has done—especially in encouraging sin taxes that dramatically boosted the price many consumers pay for a six-pack—is evident in the anemic growth of beer sales at supermarkets.

Overall, beer sales in supermarkets increased by only 3.8% in 1990, down from 7% in 1989 and 4.2% in 1988. In spite of 1989's seemingly strong dollar growth figure, brewers reported that beer sales were flat. So a growth rate of only 3.8% in dollar terms probably represents a significant decrease in case volume through supermarkets during 1990.

Imported Beers Suffer

Imported beer sales are up even less, totaling an increase of only 2.8%. That certainly marks a decrease in case movement as taxes, fluctuations in money markets, and upscaling by importers has boosted the price of imports. Now, it is not unusual for a six-pack of foreign brew to cost twice as much as a domestic premium product.

A consolidation trend also is evident in the import segment. Recently, for example,

The major brewers and importers took an even larger share of the business in the past year. They had no choice because overall beer growth stalled. But as the economy improves and they get more skilled at dealing with anti-alcohol movements, the brewers expect to re-start category growth ... with even more of it coming from supermarkets.

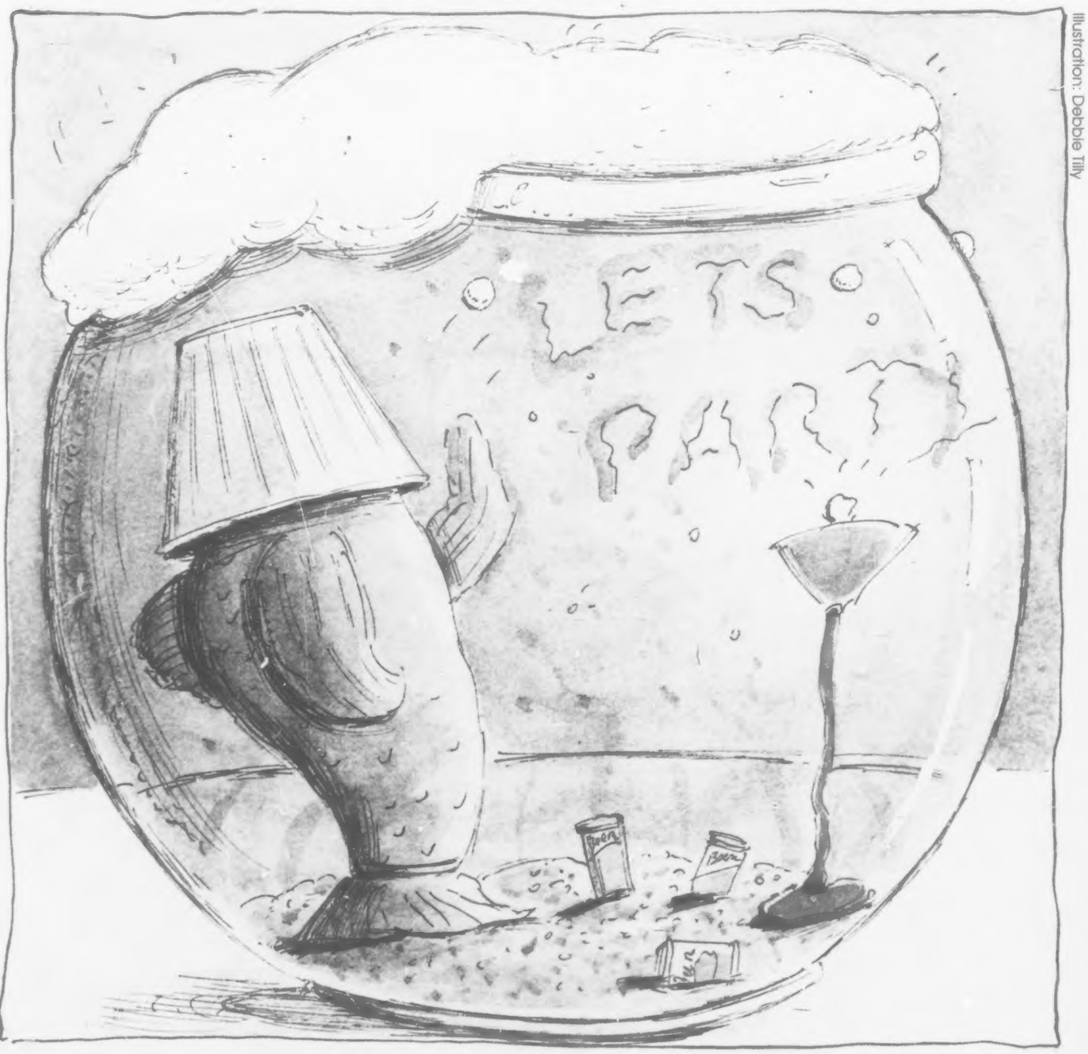

Illustration: Debbie Tilly

the Guinness Import Company (Stamford, Conn.) purchased All Brands and added Canadian, Mexican and Czechoslovakian beers to its line-up of Irish and English brews.

One result of consolidation has been an increase in marketing dollars backing various brand portfolios. In the past, big brewers bought national advertising with their big marketing budgets. But while major brewers continue to spend heavily on television, radio and print advertising, more and more money is being funneled into local on- and off-premise promotions. Many are tied into national media campaigns.

Big Brands Line-Extended

One reason for the change: As domestic brewers have gotten bigger, they've leveraged their popular brands, such as Bud, Miller Lite and Coors, and produced whole product lines. Similarly, many importers have brought new beers from overseas or purchased rivals, boosting the breadth of their brand line-ups. Both segments seem to believe that trial is best won directly. So sponsorships, tastings and promotions have been developed to get customers to try a variety of new brews.

To some extent, supermarkets do benefit from all this activity, says Mel Beech, a district manager for Feldpausch (Hastings, Mich.). "We see some more movement because of all the promotions," he admits. "There are two kinds of beer drinkers, die-hards who are not going to switch, and some who will try whatever's advertised. Consumers have come to expect that kind of activity, just as they've come to expect the detergents of the world to be scented and unscented. What brewers are really trying to do is win more facings and pick up share."

Brewers agree that supermarkets do benefit from new products and their accompanying promotional blitzes. But the benefit isn't just accrued from trials won by piquing consumer curiosity. Rather, the combination of line extensions, marketing and consolidation has kept business at the more profitable end of the beer spectrum, according to Mark Danner, vice president for national accounts at Anheuser-Busch Cos. (St. Louis). "The products that sell are those supported by advertising," he contends. "Advertising maintains a high-quality image and the sales of higher profit premium and super premium products. Their profitability compares favorably with some of the regional products that have fallen off the shelves. There are many good regional beers. But those that have fallen out are usually lower-end products that don't have the advertising support and related movement."

"The larger breweries will continue to grow financially because they enjoy marketing economies of scale," says Bob Weingarten, director of national accounts at Adolph Coors Co. (Golden, Colo.). "The regional companies that survive are the ones that tie themselves into bigger companies, such as Rainier and Rolling Rock."

Weingarten says supermarket operators can look forward to a long future of beer introductions and corresponding promotional campaigns. "New product proliferation isn't going to change. New product introductions store-wide exceed 12,000 items a year and I don't think that's going to change. We're introducing Coors Dry in the western region of the U.S., and Cutter non-alcohol brew nationwide."

Of course Coors isn't alone. For example, on April 1, Miller began national distribution of Miller Genuine Draft Lite, further extension of the company's involvement in the evolving premium draft segment.

Like other introductions, the roll-out of Genuine Draft Lite will be accompanied by a media marketing blitz designed to win trial and help position the product.

"Miller Genuine Draft is the fastest-growing premium product in the country, and consumer response to Genuine Draft Lite has been outstanding," says Richard Strup, vice president of brand management for the Miller Brewing Company (Milwaukee).

Increasingly, brewer promotions address a single product and its users. In the case of Miller especially, that has meant not only creating multi-brand promotions, but developing separate campaigns for its various introductions, and updating those for its established products.

"Miller develops innovative merchandising and promotional programs to increase sales in supermarkets," says a Miller spokesperson. "Single-brand and multi-brand promotions have been developed for the holidays and key beer-drinking seasons. Examples include Miller Lite's three billionth case celebration and Miller Genuine Draft's Hot Summer promotion."

This year, America saw the end of one celebrated Miller promotion, the Miller Lite "Tastes Great, Less Filling" campaign starring the Miller Lite All-Stars.

> **"There are two kinds of beer drinkers, die-hards who are not going to switch, and some who will try whatever's advertised."**

"The new campaign and tagline, 'Miller Lite. It's It and That's That,' builds upon Lite's heritage, popularity and taste through distinctive, fun advertising," says the spokesperson. The new campaign "is a comprehensive marketing program that broadens Miller Lite's appeal among all beer drinkers, and positions Miller Lite as the best beer for consumers today."

Loyal to More Brands

One result of new product introductions in the beer category is a fragmentation of some customers' product loyalty.

"There's still some brand loyalty out there, but it has shifted to a set of brands," says Weingarten. "A consumer may have three or four different brands in that brand set. That's not going to change, but it goes back to brand clout. National brands have to get their brands into those brands sets, and they have the resources to do that."

That offers supermarkets an opportunity to make better profits, he says. With good space management, supermarkets can continually update departments to take advantage of the fast movement of the most aggressively marketed products, whether the promotions be for new products, seasonal campaigns or general brand support.

"Space management in this environment is going to be an area of importance for us all," he says. "Proper utilization of space has to be considered in terms of promotion. We have to convince supermarkets that, given our promotion schedule, some supermarkets giving 24 feet to beer should give 36 feet because beer will contribute more to the bottom line."

That means space allocation within the beer section needs to be reviewed regularly, Weingarten observes.

"Supermarkets have to do a number with the new products that come out. You don't want to be late jumping on the bandwagon. If you've got some losers, you have to get rid of them. And it depends upon the supermarket. If, in some cases, we have to lose some space, we'll have to eat that. And the same thing goes for Anheuser-Busch and Miller. Supermarkets have to be smart. And we have to look at the store from the customer's point of view."

Forewarned is Forearmed

Alcohol issues will continue to haunt the beer business, though brewers point out that their efforts to let people know that they are involved in alcohol awareness programs may help the business stave off attacks and better oppose more excise taxes. But the awareness of alcohol issues has a benefit to the beer business, Danner contends.

"Beer is still a healthy industry in part because of the move to moderation—some of today's beer drinkers have switched from harder spirits," he says.

Danner believes that after several flat years, the beer business in general is ready for a rebound. "There are still plenty of beer drinkers out there," he observes. "We're projecting growth in the beer industry."

The same holds true of importers to a large extent. But price makes a bigger difference among imported beer drinkers. Indeed, the price increases in imported beer, and health and drunk-driving concerns among the affluent consumers who purchase foreign brews may have conspired to make super-

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CANNED GOODS

Canned food suppliers have a big problem: They're faced with growing reluctance among shoppers to do anything other than pop into the microwave a dish they don't have to wash later. So, 1990 saw continued experimentation with a variety of strategies for building momentum in today's market.

Can't Be too Pricey

Manufacturers score occasional gains with value-added items, but consumers have low tolerance for higher-priced canned goods. They may be willing to pay a premium for microwave convenience, and a slight premium for vegetable short-cuts and fruit packed in its own juice ... which are strategies being tried this year by canned goods manufacturers. But for consumers, "gourmet shelf-stable" is still an oxymoron.

Ross Nixon, grocery buyer for Dahl's Food Markets (Des Moines, Iowa) says that, in the microwavable-shelf-stable category, lower-priced items such as Phoenix-based Dial Corp.'s Lunch Buckets, priced in the $.89 to $1.09 range, continue to do better than shelf-stable tray items priced at $2.50 to $3.50. "The recession may have had some impact on the larger-ring items," he says.

Smaller ticket lunch entrées, he adds, are often purchased by office workers more interested in convenience than value. "There's not as much impact there—no one seems to be watching their pennies as closely."

But if microwavable packaging can lead time-pressed shoppers to pay $1.09 for a 7.5-oz. lunch entree when a 15-oz. canned equivalent sells for $.99, manufacturers are recognizing sharp price limits above strategic price points. Dial, the category leader, realigned its pricing on June 1 "as a reflection of the economy," according to John Coyne, marketing manager.

Retailers, moreover, have discovered that microwavable, shelf-stable meals, pioneered by Hormel (Austin, Minn.) with its Top Shelf line in 1987, have a tough time competing with frozen meals, even if the latter take longer to "nuke."

"The microwavable products in the frozen food section have done very well. In dry grocery, the section is still struggling to gather its share of the market," says Rich Bruns, director of operations at Food Value (Bend, Ore.).

1990 saw continued experimentation with a variety of strategies used to build new momentum in today's market, which calls for convenience more than ever.

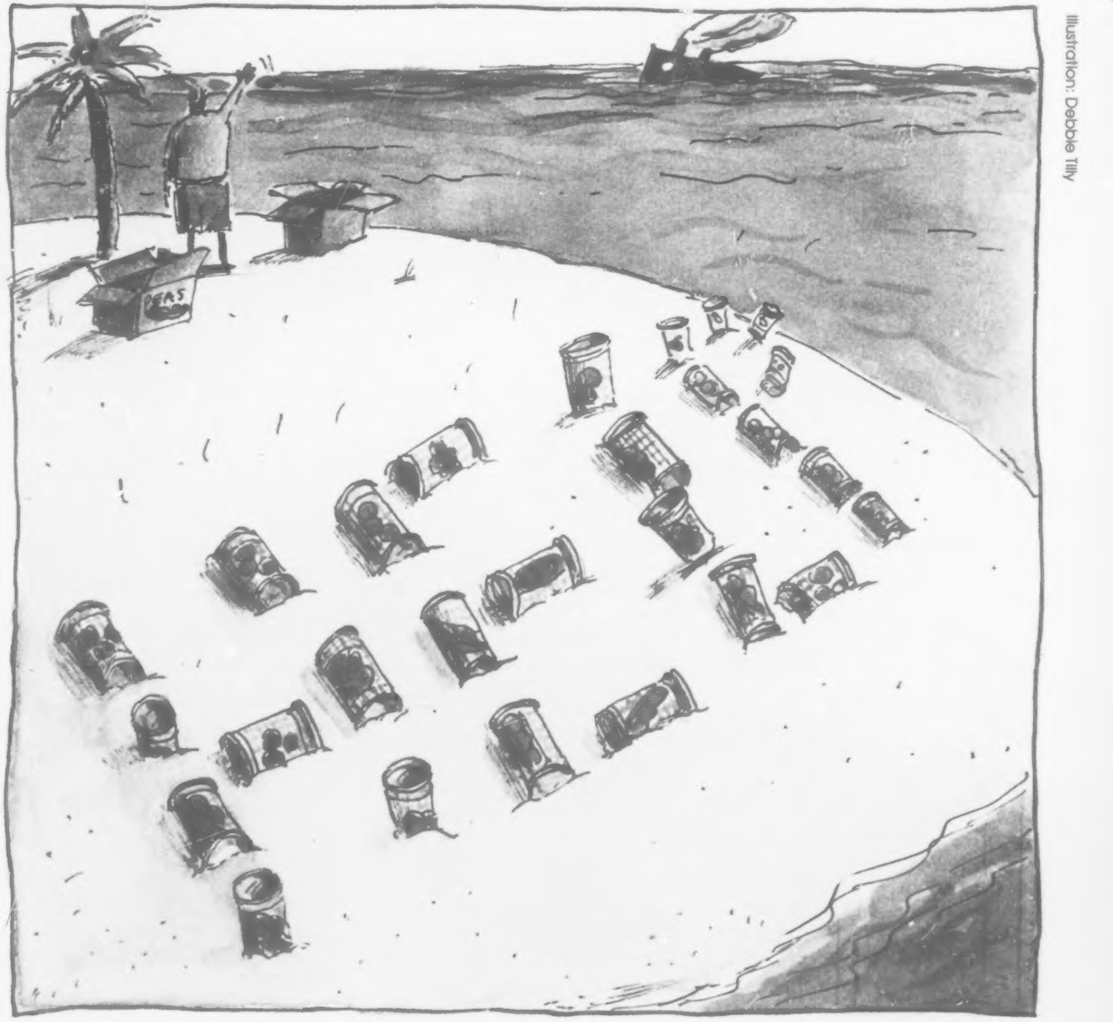

Illustration: Debbie Tilly

CANNED GOODS

Like many retailers, Bruns is taking a wait-and-see approach before expanding the shelf-stable microwavables, with no plans to either expand or reduce its size. "We're leaving the status quo at this point in time, until the consumer dictates otherwise. The products have to earn their shelf space."

Manufacturers have also cut back on the scope and intensity of their new product campaigns. But there's still enough new product activity to keep competition for the retailer's limited microwavable shelf space simmering.

Dial's six-item Light Balance line, introduced in October 1990, is doing "extremely well" since its national rollout was completed in March, according to Coyne. The line includes Beef Americana, Chicken Cacciatore, Chicken Fiesta, Mushroom Stroganoff, Beef and Pasta Bordeaux and Pasta and Garden Vegetables. Items retail for a suggested $1.19 to $1.29.

Space Growth Stops

Coyne notes that while "over the past two years, retailers had been expanding the space, that's quickly come to a halt." The space crunch, he says, makes the category "very competitive" for new products. New product activity for the Lunch Bucket line was limited to two new flavors in May and June, 1991—Macaroni 'N Cheese and Dumplings 'N Chicken. That brings the number of items from 18 to 20.

Dial also introduced a larger-sized line for bigger appetites, with 10.75-oz. buckets of the five most popular Lunch Bucket items distributed to 40% of the country in June 1991. Those items include Lasagna, Hearty Beef Stew, Chili with Bean, Beef Ravioli and Pasta 'N Chicken.

American Home Food Products (New York) is also hoping to cater to "grown-up appetites" with its Chef Boyardee Main Meals, a six-item line of 10.5-oz. bowls that was launched nationally in February. This line complements the varieties of 7.5-oz. microwavables, which have expanded to 16 since the line's introduction in May 1988.

Part of the expanded 7.5-oz. microwavable line is a six-item line for kids—meatball and regular versions of ABCs, 123s and Tic Tac Toes—which were introduced last December. The company will add a microwave version of its popular new cans of Teenage Mutant Ninja Turtles pasta, in regular and meatball, this fall.

This month, American Home Food Products is also introducing a four-item line of Chef Boyardee Special Recipe items in 15-oz. cans. Items include Pasta & Chicken, Spirals in Pizza Sauce, Rigatoni in Hearty Meat Sauce and Shells in meat flavored sauce. The cans retail for a suggested $.99.

Manufacturers have also cut back on the scope and intensity of their new product campaigns.

A newcomer, introduced in April and rolling national this month, is Libby's Diner from Libby's, a subsidiary of Carnation Co. (Los Angeles). The line of seven entrées, packed in 7.75-oz. microwavable cups, is priced for a suggested retail of $1.09. The line includes such "hearty, American diner-style" recipes as chili with beans, beef stew, pasta spirals with chicken, macaroni and beef, spaghetti and meatballs, lasagna and ravioli. The company also completed its national rollout of just-add-meat Libby's Sloppy Joe Sauce in cans in February. A 15.5-oz. can retails for a suggested $.99.

But Shelf-Stable Veggies?

While microwavable buckets have emerged as a solid, if slow-growing category that consumers have gotten used to, microwavable vegetable side-dishes are still a "question-intensive" category, according to Dee Ann Campbell, a vice president of Del Monte (San Francisco). The company completed its national rollout of its nine-item Vegetable Classics microwavable shelf-stable line in March.

"We still get calls like, 'I put it in the freezer by mistake—what do I do now?' " Campbell says. She adds that consumers are still mystified about what Del Monte does to the products to make them shelf-stable. (The answer: A high-barrier process "not dissimilar from home canning" that incorporates a heat-sealed, microwave-ready plastic tray, according to Campbell.)

Traditional cans still account for the vast majority of shelf-stable vegetable tonnage. And according to SUPERMARKET BUSINESS's Consumer Expenditures Study (CES), sales are flat or in modest decline across the board. Total category supermarkets sales were down 1.2%, to just below $2.54 billion.

Manufacturers have attempted to prop sagging sales by focusing their resources on the few growth spots along the canned vegetable spectrum.

In January, Pillsbury went national with Sweet Select corn under its Green Giant label. The product is a "new corn hybrid, which grows naturally extra sweet and extra crisp." It's available in 11-oz. cans for $.69, and is also sold frozen in 16-oz. bags. The company also introduced Baked Style Beans in spring, 1990, rolling national in April 1991.

S&W Fine Foods (San Ramon, Calif.) has been focusing on current regional introduction of S&W Deli Classics, with Italian Style and Garden Style al dente pasta in glass, retailing for $1.29 to $1.39. The company continues "doing canned soup very well" with its value-added stewed Redi-Cut tomato line, in Italian, Mexican and Cajun flavors, but has had some trouble with scarce supplies, according to spokesman Richard Fink. The outlook for the current harvest, he adds, is "kind of squirrely" due to unusually cool California weather.

Del Monte, meanwhile, has sparked some interest in traditional canned vegetables and fruits through its store-wide promotions and Country Yumkins campaign—where consumers can pay cash or save labels for plush stuffed vegetable and fruit character toys. This September, the company updates that campaign with "Hooked on Yumkins," with smaller versions of the stuffed toys made into Christmas tree ornaments.

Syrup-Free Fruit Wins

The big story for Del Monte in traditional cans was its four-item line of Fruit Naturals launched late last year. "It's been just phenomenal for us," Campbell says. "It's literally grown the canned fruit category." The line, which includes sliced yellow cling peaches, halves of pears, fruit cocktail and chunky fruit cocktail packed in its own juice, has been selling fast, even at a $.16 premium above traditional canned fruit.

Dole Packaged Foods Co. (San Francisco) has found strong sales success for its Tropical Fruit Salad launched in June; it will complete its national rollout this month. "In markets where sold it is the number two best-selling fruit cocktail item," says Dole spokesperson DeDe Priest. "It has contributed incremental category sales and profits."

Existing natural fruit in cans by others, including S&W, helped brighten category results in 1991, and with recent product introductions from Del Monte and Dole, that modest growth rate may be due for an increase. The total category grew 2% in supermarkets, to a sales total of $1.29 billion, according to SUPERMARKET BUSINESS's CES. Standouts included apricots, growing 8.3% (from a small base) and fruit cocktail, with a 6.4% gain.

Steadily Up

As a whole, canned soup grew a steady 4.5% in 1990, for a supermarket sales total of $1.53 billion, according to SUPERMARKET BUSINESS's CES.

Campbell's Cream of Broccoli soup, introduced last September amid the hoopla over President Bush's mock tantrum, scored solidly for the Camden, N.J.-based company.

"It was a runaway success—the largest new soup introduction in 55 years," according to Kevin Lowery, a company spokesman. It is being followed with similar high hopes for Broccoli Cheese Soup.

Campbell's also introduced its successful Teddy Bear soup, followed by Souper Stars soup and Dinosaur Vegetable Soup for kids. And Lowery reports strong demand for the company's family-sized line, with 26-oz. cans selling for a suggested $1.19. Two new flavors are Chicken with Rice and Bean with Bacon.

Campbell's microwavable soup program, launched nationally last September, is getting two new flavors: New England Clam Chowder and Vegetable soup. The original five microwavable flavors are Chicken Noodle, Vegetable Beef, Chili, Bean with Bacon and Chicken with Rice.

Continued on page 193

CEREAL

■ The megatrend shift away from high-cholesterol eggs and fatty breakfast meats is keeping cereal sales strong. But the spectacular growth in the late 1980s, fueled partly by the oat bran boom, is a memory.

Instead of featuring a new miracle ingredient, the few truly new products are multi-grain cereal combinations or blends. To attract and sustain consumer interest, most manufacturers are turning from wholly new cereal items to line extensions, new packaging and new nut and fruit combinations.

Retailers, meanwhile, are adjusting to a category with a sales curve that has finally leveled off—and with new products that sell well, but that don't provide incremental sales gains to the category as a whole.

"I think what we're seeing now is a shuffling of brands and cannibalization, with one company's product eating from another," says Francis J. McGuire, president of Town & Country Markets (Kalamazoo, Mich.).

Manufacturers seem to be sensing the higher risks of investing heavily in radically different new products. "The major thrust for us is to strengthen our core brands," says Ron Bottrell, senior manager of corporate relations for Quaker (Chicago).

Triple Crunch, for example, is "not so much a new product as a packaging change" for Quaker's three Cap'n Crunch varieties. "We will have three 6-oz. bags of the three different flavors in one box—regular, Cap'n Crunch with Crunch Berries and Peanut Crunch," Bottrell says.

Sell-in for Triple Crunch was "just beginning" this summer, Bottrell said. Other recent product introductions included Cinnamon Oats Squares, a line extension earlier this year; and Tiny Tunes, a lightly pre-sweetened, multi-grain blend for kids, in late 1990.

First Wheaties Extension

The big news for General Mills cereals in 1991 is also about an existing brand—Wheaties. The company takes a step beyond its innovative "hoop" packaging concept with Wheaties Honey Gold, the first line extension for the venerable "breakfast of champions."

Wheaties Honey Gold, made from whole wheat and corn and sweetened with honey, is expected to hit retail shelves in late October and roll national by December, according to Kathryn Newton, public rela-

Cereal manufacturers learned last year that the recent 'miracle ingredient' approach is no silver bullet. Now, they're trying new multi-grain strategies, and more line extensions of big-name brands.

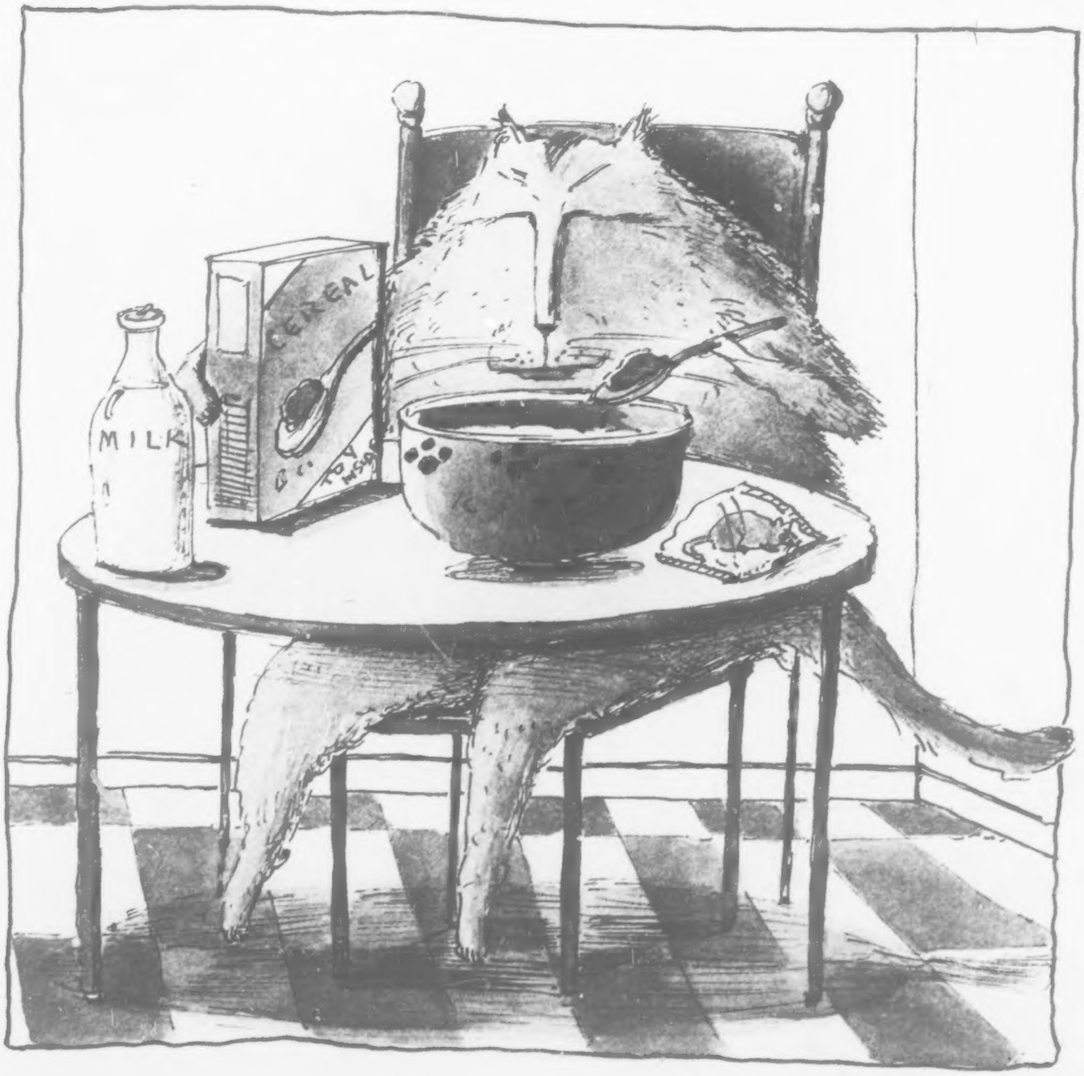

Illustration: Debbie Tilly

tions manager. It will be available in 15.5- and 22.5-oz. sizes, retailing near $2.80 and $3.80.

The multi-grain formulation for the Wheaties line extension is consistent with other efforts to add value by tinkering with more than one grain. That seems to be replacing the pursuit of a single "holy grail" grain or part of a grain, such as oat bran, rice bran and psyllium.

General Mills discontinued its psyllium-based product, Benefit, early last year. Besides Wheaties Honey Gold, two other significant General Mills product introductions—Basic 4 and Triples—are multi-grain items.

Basic 4 blends corn and multi-grain flakes with rice crisps, four fruits and two nuts. With milk, it provides nutrients from the old "basic four" food groups. It retails near $3.40.

Triples is made with three crisps of three kinds of grain—corn, rice and wheat. Like Basic 4, it completed its national rollout in March. It's available in 13.25- and 18.75-oz. sizes, retailing near $2.50 and $3.30.

Kellogg Co. (Battle Creek, Mich.) also takes the multi-grain route with its Double Dip Crunch, introduced nationally in June. Like Cinnamon Mini Buns, introduced nationally in January, Double Dip Crunch is priced within the company's general $2.50-$3.00 price point for cereal products.

FDA Forces Brand Renaming

Unlike General Mills, Kellogg's is sticking with a psyllium-based product. Formerly called Heartwise, it's now called Fiberwise to please the FDA (The cereal had been barred from Texas in early 1990, when that state's attorney general declared that there was inadequate evidence for Kellogg's health claims.)

Despite the price it has paid for the health claims it has made, Kellogg's isn't about to abandon its focus on nutrition. Along with its efforts to promote cereal with high fiber and low or no fat, the company stresses the ability of its products to be part of a diet that fits within National Cancer Institute guidelines. Kellogg's also works with diabetes organizations, incorporating their nutritional exchange data on its packaging.

This past summer, cereal manufacturers were dealt a different sort of challenge—the call for a ban on Saturday morning advertising of food products targeted at kids. The ban is supported by the Center for Science in the Public Interest and by the American Academy of Pediatrics (AAP).

Such an ad ban raises a number of questions: Should advertising be limited to products deemed healthy? Or should any edible product—tuna, milk or grapes—be banned? Who decides what is healthy and what is not? Those decisions traditionally have been made by the family "gatekeeper" who does the shopping. Should a federal panel usurp their role?

Cereal manufacturers point out that their products are low in fat, vitamin-fortified, high in complex carbohydrates and healthier than breakfast alternatives. "We share in the desire to improve health and nutrition for kids, and we feel quite strongly that that's exactly what we have with cereal," says Newton of General Mills, which promotes Cheerios and other brands on Saturday morning TV.

No Kid Trap, Makers Say

"A typical serving of pre-sweetened cereal will not make anyone fat," says Pat Farrell, a spokesman for Ralston Purina Co. (St. Louis, Mo.). "Overeating leads to obesity." He adds that "just because a product is wrapped around a fun licensed character, something less than serious, like Teenage Mutant Ninja Turtles.... [doesn't mean] that the consumer is falling into some type of trap—a less than reputable product, sold through manipulation."

Ralston, which relies heavily on box-office-to-cereal-box marketing, has scored hits with the Saturday-morning set with such products as Teenage Mutant Ninja Turtles cereal. Its two most recent licensing projects: Prince of Thieves and Bill and Ted's Excellent cereals.

Ralston has also recently expanded its Muesli line to five varieties—Cranberry Walnut, Raspberry Almond, Raisin Date, Peach and Walnut and Apple Raisin. It has also bolstered its core Chex cereal line with a honey-sweetened line extension and a miniature-sized, pre-sweetened version for kids.

General Foods' Post brand saw volume increases for its Alpha-Bits pre-sweetened cereal with the introduction of Marshmallow Alpha-Bits earlier this year. Like other manufacturers, the company is finding its biggest success in line extensions of existing brands. But it is reportedly experimenting with a multi-grain adult cereal as well.

Nabisco Brands (Parsippany, N.J.) is making adjustments to its core Shredded Wheat line. A "toastier, crispier" spoon-sized version was introduced in May and rolled national this summer, according to Ann Smith, manager of product publicity. Also planned for Shredded Wheat: Promotion of the product's 100-year birthday in 1992.

The ready-to-eat cereals enjoyed fairly good growth last year (6.8%), on sales that exceeded $5 billion through supermarkets. Despite this increase, 1990's results were somewhat disappointing to cereal manufacturers:

In the past, ready-to-eats have posted double-digit sales increases each year. For example, 1989's growth was 14.4%, which was typical for the category.

Customer disillusion with the previous year's oat bran claims, and a slowdown in introductions of new pre-sweetened children's cereals may have had a hand in this.

But if cold cereal sales increases were somewhat cool, then sales of hot cereals positively congealed.But all the snap, crackle and pop was not lost: Comebacks, too, occurred in the cereal aisle last year ... though, technically speaking, it didn't involve cereal: One of the more dramatic category comebacks of recent years involved toaster pastries.

Pops Back Up

Toaster pastries, the category that was first introduced when many of us were children, and that had been languishing for many years, has been rediscovered by a new generation of consumers and promoters.

Sales of these products grew 20.3% last year; and by more than 10.5% the year before. Although still relatively small at just $137 million, the turnaround is, in relative terms, monumental.

Apparently, the convenience and tastiness of this product, which children can prepare for themselves and adults can prepare on the run, appeals to a growing consumer base.

—Frank Hammel

Today, the major thrust is to strengthen core cereal brands—marketing new ones is often too costly ... and risky.

FROZEN FOODS

■ The frozen food case has become a ready-to-serve microcosm of the entire supermarket. No longer is it necessary, for any meal of the day, to buy your own ingredients and prepare your own food.

Instead, you can buy frozen waffles, pancakes or french toast for breakfast. For lunch, there's frozen burritos, pizza, or pita pockets. For dinner, there's every menu item imaginable, in portions and calorie counts from Hungry Man to Healthy Choice to Lean Cuisine.

As a result, competition within the category is heating up as quickly as a frozen entree in the microwave. And this year, competition was exacerbated by an economic climate that has been as cold as the frozen food case itself.

Then there's the competition from outside the category: For the very strength of frozen foods—its convenience—automatically places it in head-to-head competition with other evolving supermarket departments, and with other classes of trade.

Chasing Convenience Crowd

Enhanced delis and produce departments; convenience stores that have moved into the fast food business; the fast food restaurants themselves; and Indy-500-speed home pizza delivery all add up to a lot of competition for the convenience-oriented consumer.

"There are simply too many other products, categories and retailers competing for the same consumer's dollar," notes one Midwestern merchant.

But on the positive side, he believes, consumers do approach the shopping situation somewhat differently when it comes to frozen food:

"I think most of the others are more impulse-driven," he observes. "Impulse plays a part in our department too, but I think our frozen food purchases tend to be more planned."

If so, frozen food has more and more going for it—for today's ever-more-health-conscious shopper, there's ever more reason to plan a trip to the frozen food case. A constant stream of new products and line extensions is bringing more nutritious, better-tasting products to the supermarket every day.

And virtually constant couponing and promotions

Competition has heated up as fast as frozen entrees in a microwave. New breakfast items have taken off ... and the watchword of every supplier is 'healthy.'

THE LAST FROZEN SUPPER
D Tilly

Illustration: Debbie Tilly

have exposed more consumers than ever to the new level of quality and variety to be found in frozen food.

Still, overall category growth is up only marginally over last year, according to many supermarket merchants. They, too, are working to drive the category, albeit with differing strategies.

'No Gimmicks for Us'

Some favor the "Every-day-low-price" approach. "It seems everyone's got their gimmicks," observes Bob Edenfield, buyer for B&B Grocery Stores (Tampa, Fla.). "But we're running a deep cut program—no limits, no gimmicks and no games. Other (stores' promotions) have minimums or requirements but we've decided to offer basic everyday pricing."

B&B's deep discounts commonly run for six to 15 weeks, depending upon how the item is bought and what the allowances are.

The fastest-growing frozen food segment, he says, has been in frozen entrees with some kind of health appeal. Next in terms of growth have been breakfast foods. Breakfast foods in particular, he noted, have benefitted from sharp improvements in packaging, microwavability and taste.

Among those health-oriented entrees, ConAgra's Healthy Choice continues to lead, he notes. Healthy Choice has developed a name and reputation that help get any of its new items launched quickly, Edenfield adds.

"When Healthy Choice introduces a new item, it probably comes into the market with more impact than many other brands," he says. "Building on their entrees and dinners, they added a frozen dessert line and, further complementing the Healthy Choice name, they also introduced a breakfast item recently."

Healthy Choice's success has put the competition on notice, prompting line improvements and renewed efforts by such category initiators as Heinz's Weight Watchers brand.

A recent entrant into the fray is the lineup of Slim-Fast entrees, which seek to ride the coattails of the Slim-Fast powdered diet drink. (Slim-Fast also rolled out recently as a refrigerated pre-mixed diet drink.)

But Edenfield and other retailers voice concerns about the line's higher pricing. Retailers wonder whether even Slim-Fast's strong existing consumer franchise and name recognition will be able to support those price levels.

One area that is increasing, Edenfield says, is frozen seafood items—they've picked up within the last couple of months.

While B&B reported its frozen business was up only slightly, the gains scored by DeMoulas' Market Basket stores were significant. But they were attributable to new and expanded stores, according to Jack DeMoulas, who buys the category. The Tewksbury, Mass. retailer's new and renovated stores have replaced older coffin cases with door cases in the frozen foods department, he said.

Frozen food competes in the 'convenience' arena with deli and produce, fast food restaurants, and pizza delivery. The difference is that frozens are more of a planned purchase.

The effect has been to increase the number of facings available for the category, thereby broadening the assortment. But still, space remains a problem.

"There's been a tremendous proliferation of products," DeMoulas says. "Everyone's trying to pick up additional space. But we're maxed out. There's just no more room left. It's also led to something of a price war within some categories."

Early Heat Boosts Ice Cream

Dessert products have been generally slow, he says. But early summer heat waves drove up sales of ice cream and frozen novelty items early in the season.

But breakfast foods have been the real star, he says. In particular, Eggo mini-waffles have been performing "absolutely spectacularly," he said. Strong national T.V. advertising has, no doubt, had a hand in this product's success to date.

Also performing strongly for DeMoulas have been breads, rolls, garlic bread, bread doughs, pizzas and snacks, as well as some regional Italian food items such as Louise's pastas.

While frozen juices haven't been standouts in other parts of the nation, they too have done well for the company. DeMoulas credits the federal government's WIC program—a pre- and post-natal nutrition program—for boosting his juice sales. Helping the cause of frozen juices, he says, is the fact that the government has banned certain bottled juices from the program, pushing at least some of those sales to frozen.

At Dixieland Food Stores (Geneva, Ala.), frozen food space allocations have been increasing, says buyer Butch Bryan. Breakfast items—particularly waffles—have been showing strong growth. But here too, space is tight; the chain is rigorously deleting slower-turning items before adding introductions.

While breakfast foods as a class have been strong for Dixieland, Bryan identifies Kraft's Eating Right and Chef America's Hot Pockets as stellar performers.

Not Hot All Over

But at Nob Hill General Stores (Gilroy, Calif.), Eating Right "hasn't set the world on fire," according to buyer Sheila Beckman. ConAgra's Healthy Choice and Kraft's Budget Gourmet are continuing to outperform it, she adds.

At Nob Hill too, the jury is still out on the recent Slim-Fast entrees, which have tended to fluctuate in sales. Beckman, too, believes this "fits 'n starts" performance is related to the new line's higher prices.

Frozen desserts have slowed at Nob Hill, perhaps, Beckman speculates, because of increased competition from the instore bakery. It's breakfast items that have shown the strongest growth in the frozen food case, she says, although one of the department's top sellers is the regional Otis Spunkmeyer frozen cookie dough.

While most retailers named breakfast foods as a growth segment, the category doesn't particularly impress Dick Yates, buyer for Arden-Mayfair (Compton, Calif.).

"Breakfast foods just aren't the hot thing they think they are," he suggests. "Manufacturers have simply (blanketed) the market with a proliferation of items. But overall, they're not that hot."

Healthy Choice, however, once again comes up a winner: Yates tagged ConAgra's entrees as a sales leader. Also turning in good performances, he notes, have been items in the frozen pizza category and some frozen desserts. Yates suggests that the Slim-Fast entrees will be worth watching, and may shake up that segment.

At Autry Greer & Sons (Prichard, Ala.), any turbulence in the frozen dinners segment is expected to be caused by Kraft's Eating Right entrees. The line was added only recently, but already is showing promise, according to buyer Bill Adcox. But in this category so far, Budget Gourmet continues to be a local favorite.

Win Some, Lose Some

The breakfast segment is also growing at Autry Greer, Adcox notes. But any gains, he adds, have been offset by slower movement on frozen juices, seafood and Mexican offerings.

Here too, space is a problem. Autry Greer, which has generally grown by acquisition of stores from other supermarket retailers, operates older and somewhat smaller units, Adcox points out. Where possible, the stores have been retrofitted with upright display cases. But even that is only a partial solution, with so many new products attempting to get in.

At Brookshire Bros. (Lufkin, Tex.), buyer Doyle Burnaman observes that here too, it's breakfast items that have done well. The increase has been led by waffles, he says.

But again, Healthy Choice entrees have shown the greatest gains in the department, which he characterizes as "up slightly." Slim-Fast and the new health-oriented Swanson lines from Campbell's also show signs of potential, according to Burnaman. He attributes continuing consumer attention to healthy items for the slower movement of frozen desserts.

But even among the health-conscious, the focus has shifted, Burnaman adds: "All the attention used to be on low-calorie entrees," he notes. "But that's been changing lately to low-fat items."

—Brent Felgner

CANDY & GUM

■ It doesn't take much arm-twisting to get the average American to buy more candy. Simply making the product more visible is enough.

Such efforts contributed to an increase that drove the average American's candy consumption past the 20-lb. mark for 1990. And while candy's growth rate will need to quicken for the industry to reach its "25 by 95" goal, the increase in movement has made the category a sweet profit center.

"Candy sales have always been good to us," says Sam Crifasi, president of Hi Nabor (Baton Rouge, La.). In addition to its produce and candy section displays, the company runs endcap and floor displays during Halloween and other peak candy-buying periods. "Fortunately, we have a lot of young kids in our area," Crifasi says.

Even in areas with a quieter "echo" to the post-war baby boom, candy volume picks up substantially when holiday displays roll out. "We pretty much follow seasonal programs run through the [Wakefern] warehouse," says Art Hansen, grocery buyer for Perlmutter's ShopRites (Toms River, N.J.). In addition to half-price sales and modular pallet displays, consumers respond well to 300- to 400-count super-bags of candy during Halloween and other holidays, Hansen says.

Manufacturers say that while promotional efforts during the major holidays—Halloween, Christmas, Valentine's Day and Easter—do increase candy sales dramatically, supermarket operators may find that it pays to emulate their discount-drug competitors, with more promotion between the holidays as well.

"We know confectionery sells well during the major holidays," says Terry Freisen, a spokesman for Hershey (Hershey, Penn.). "Our Candy Carnival promotion is an attempt to create another holiday that retailers can support any time, any period when a store wants to jack sales up by promoting candy."

Other Outlets Promote More

"There's a big opportunity for supermarkets to merchandise the category like the drug and discount stores do," says Whitney Hill, a spokesman for M&M/Mars (Hackettstown, N.J.). While most retailers run

As candy makers continue to strive for "25 by 95," new packaging strategies and promotional ploys succeeded in edging per capita consumption past the 20-lb. mark.

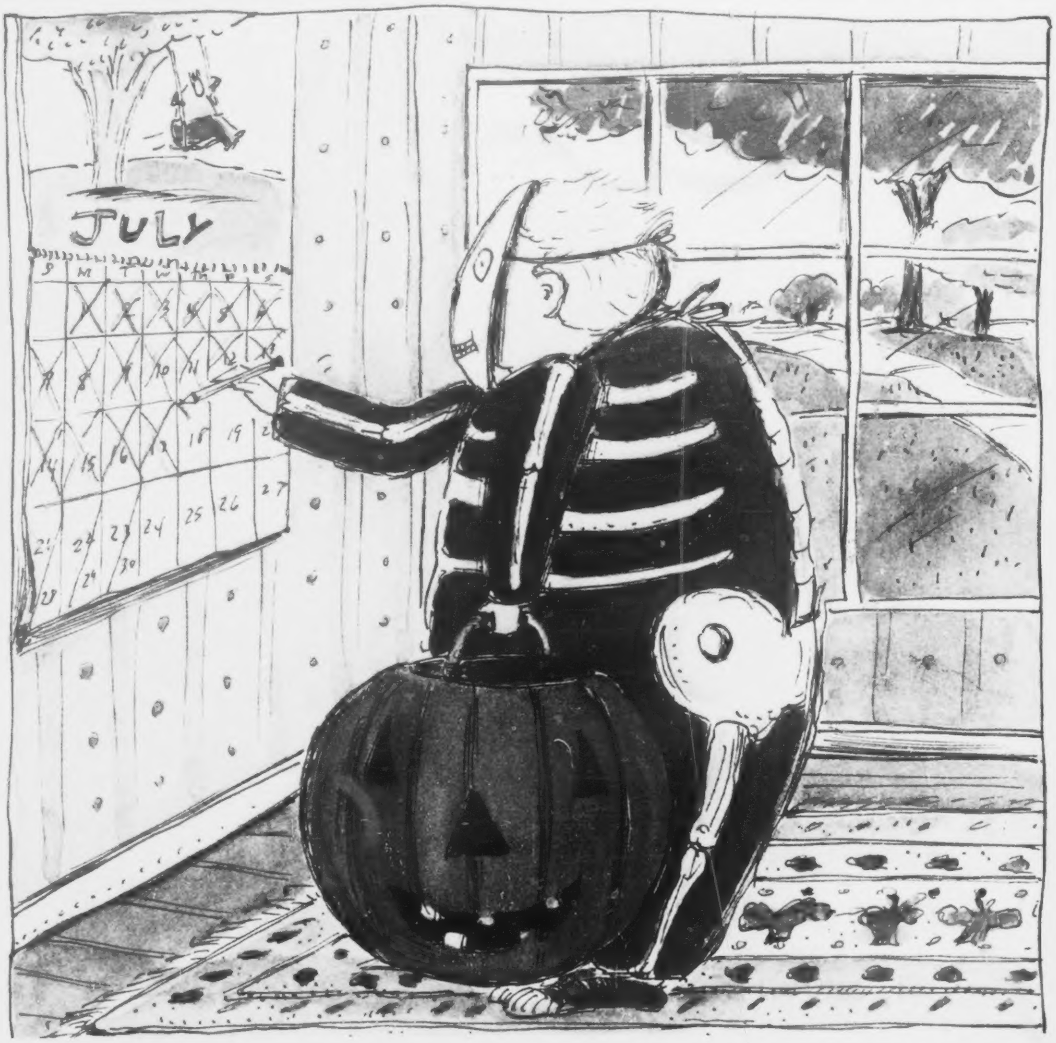

Illustration: Debbie Tilly

CANDY AND GUM

promotions with ads in store circulars six or seven times a year, "an aggressive operator would do it 15 times a year." Drug and discount competitors, he adds, often run promotions "52 weeks a year."

Both Hershey and M&M/Mars enjoyed strong success with candy launches within the past year. Hershey's Almond Kisses, introduced last September, "went beyond our wildest expectations," according to Freisen. The Kiss line extension, Hershey's first since the product was introduced in 1907, "made its way through the industry as one of the most successful product launches ever. It was fantastic from the get-go, and it remains very big."

M&M/Mars's new products contributed to an "excellent" year, according to Hill: "They've all taken off well." The new Milky Way bar, "enrobed in dark Dove chocolate," has been a big hit with adult snackers, "way above forecasts," Hill says. Snickers' peanut butter bar and M&Ms with peanut butter, which rolled national in July, also scored well with consumers, as did PB Max. Other new products include line extensions under the Skittles, Twix and Kudos brands. And M&M/Mars is currently testing its Dove Chocolate Bar in Minneapolis, Chicago and New England. That bar is priced to sell at a 10-cent premium above the 45-cent checkstand standard.

In addition to more frequent candy promotions, Hill thinks retailers may see sweeter profits in a re-juggling of front-end items. With all candy bars moving well, it may be time, he says, for retailers to ask, "Is the ratio of space allocated to gums and mints correct? In many cases, gums and mints occupy a bigger space than their share of sales deserve, as compared to candy bars."

Chocolates Lead Rise

The 1991 Consumer Expenditures Study shows a few strong growth areas under the non-chocolate umbrella, such as a 7.9% increase in sales for diet candy, gums and mints. But overall, the 6.4% sales growth for chocolate items edged out the 6.0% increase for grocery sales of non-chocolate items, leading to total grocery store sales of $950 million and $240 million, respectively.

One factor in chocolate's cheerful figures is the payoff from the candy industry's seasonal gamble—dressing up regular brands in holiday colors to increase sales. The gamble is that the sales gains will offset problems arising from a more limited window at the retail level before the product has to be marked down drastically. The success of such short-term holiday promotions was first made evident with the introduction of the Eastertime Cadbury egg in the early 1980s.

Hershey, which now owns the Cadbury and Peter Paul brands, released Mounds and Almond Joy in pastel-wrapped egg form for the first time last Easter, and Freisen says sales were hopping. "Anything we do seasonally is always well-accepted," he adds.

Offering Christmas Kisses

The company, which has also been wrapping its Christmas-themed chocolate Kisses in red, green and silver, will add Almond Kisses in red, green and gold this year. Other products that get dressed in seasonal foil include Reeses Peanut Butter Cups, Hershey Miniatures and York peppermint patties. Colors range from harvest colors in fall; red and silver for Valentine's Day; and pastel colors for Easter.

E.J. Brach (Chicago) is another company intensifying its seasonal efforts. "We're constantly striving to do anything that gives candy added value, and make our products stand out from others," says Terri Kaminski, a company spokesman.

This Valentine's Day, more women will be encouraged to buy candy for men, with items such as Brach's Sporty Heart Box, which has eight chocolate golf balls, and the popular Tuxedo Heart Box, with black felt and satin tuxedo lid. Other special promotions at Brach's include a new Easter sleeve for Andes boxes with free miniature Little Golden Books for kids.

Nestle Foods Corp. (Purchase, N.Y.) also stepped up its seasonal sales with its Toll House Merry Morsels and Rainbow Morsels. The extra color was achieved with tiny colored pellets—the same little pellets movie-goers recognize on top of Sno Cap candies.

Other Nestle promotions have less of a holiday theme, but keep sales moving year-round. They include a coupon sweepstakes back-to-school offer called Nestle Club, with a free trip to Jamaica; the Butterfinger tray-pack tie-in with The Simpsons this past summer; and an offer for Raisinets that enabled consumers to buy videos of the original Mary Martin version of Peter Pan.

Those promotions take the place of significant new product introductions. Nestle's recent new-product activity has been limited to a line extension in one of its hard candy lines, and a 10% increase in the size of its popular Crunch bar. The company's molded king-sized bars also changed to a flatter shape, to give consumers the appearance of a bigger bar.

Bigger bars, actual and perceived, may seem a good strategy to appeal to value-conscious, recession-minded shoppers. But Martin Pierce, senior vice president, marketing at Leaf, says cost-cutting isn't necessary for the impulse-driven category.

"We haven't cut our prices, and we had a price increase a year ago," Pierce says. Consumer response to the company's new 45-cent packs of Jolly Rancher brands has been "extremely good," without hurting sales for the company's 8-oz., $1.09-$1.19 bags of Jolly Rancher, Good 'n Plenty and Good 'n Fruity pegboard bags.

Planters/Lifesavers Co. (Winston/Salem N.C.) has also generated a "hole" lot of consumer interest, not only in its attention-getting Lifesavers Holes, but in its other hard roll candies as well. The bite-sized holes, packaged in Lifesavers-sized cylindric containers, were first tested in September 1989. They started rolling national this May. The company's newest flavor, Tangerine, is part of a new Variety 5-pack. A Pep-O-Mint 5-pack is available as well.

One group of categories that showed only modest increases (3.7%) last year was chewing gum, so the American sweet tooth clearly favored candy over gum. Gum sales reached just under a $1 billion in grocery stores in 1990, and $726 million through supermarkets.

Again, growth came faster to the sugarless segment, with sales increasing 4.9% compared to only 3.0% for sugared gums. —Frank Hammel

Dressing up old favorites in new holiday packaging has helped make candy even more of a seasonal bright spot.

DAIRY

■ Today's milk products resemble those of 20 years ago only in that they're still produced by cows. There are now so many milks, in so many forms, that consumers can virtually purchase "designer" milk...milk designed to deliver specific flavor, health and fitness benefits.

"Dairy is a department that responds to every consumer segment in society," says Patrick Geoghegan, of the firm Stephan & Brady, which consults to the Wisconsin Milk Marketing Board, "with traditional items, including specialty items like cheeses, creams, flavored butters, yogurts, and chocolate milk; the health conscious low-fat items: the low-fat lactose-reduced, and acidophilus-fortified items; and of course with full-fat milk."

Overall, he says, "Americans are shifting purchases from whole milk to low-fat milks. Sales of low-fat milk have more than doubled since 1975, and recently surpassed sales of traditional whole milk."

This trend is seen across all classes of trade, another expert adds. "Most of the growth in milk over the last several years has been in the non-fat category, through all channels," said George DeJager of the National Dairy Board. "That's been the case over the last several years, because of a growing preference for lower-fat products by consumers."

Low-Fat is High Seller

Retailers confirm the shift. "There's definitely a trend away from whole milk," says Terry Ritchery, dairy and refrigerated foods merchandiser at Dierbergs (Chesterfield, MO). "Low-fat is now the top dog in the category. It has pretty much taken over and is growing."

"Two percent has taken over in our stores, and then it would be whole milk, and then skim milk. That's the order," says Vikki Drummond, perishables buyer at Value Food in Maryland. "It's been that way for about a year."

The reason for the shift is twofold, according to Geoghegan."In recent years, sales have been driven by health concerns," he said. "The other reason for the shift is probably price paid, because low-fat milks have traditionally been lower in price than whole milk. Over time, this allowed consumers to change their taste preferences and to accept the taste of lower-fat milk."

Skim milk is coming on as well: "Skim milk, with most of the milkfat removed, is the

The trend to low-fat continues in every part of the dairy case ... a case that contains more new items for more different population segments than ever before.

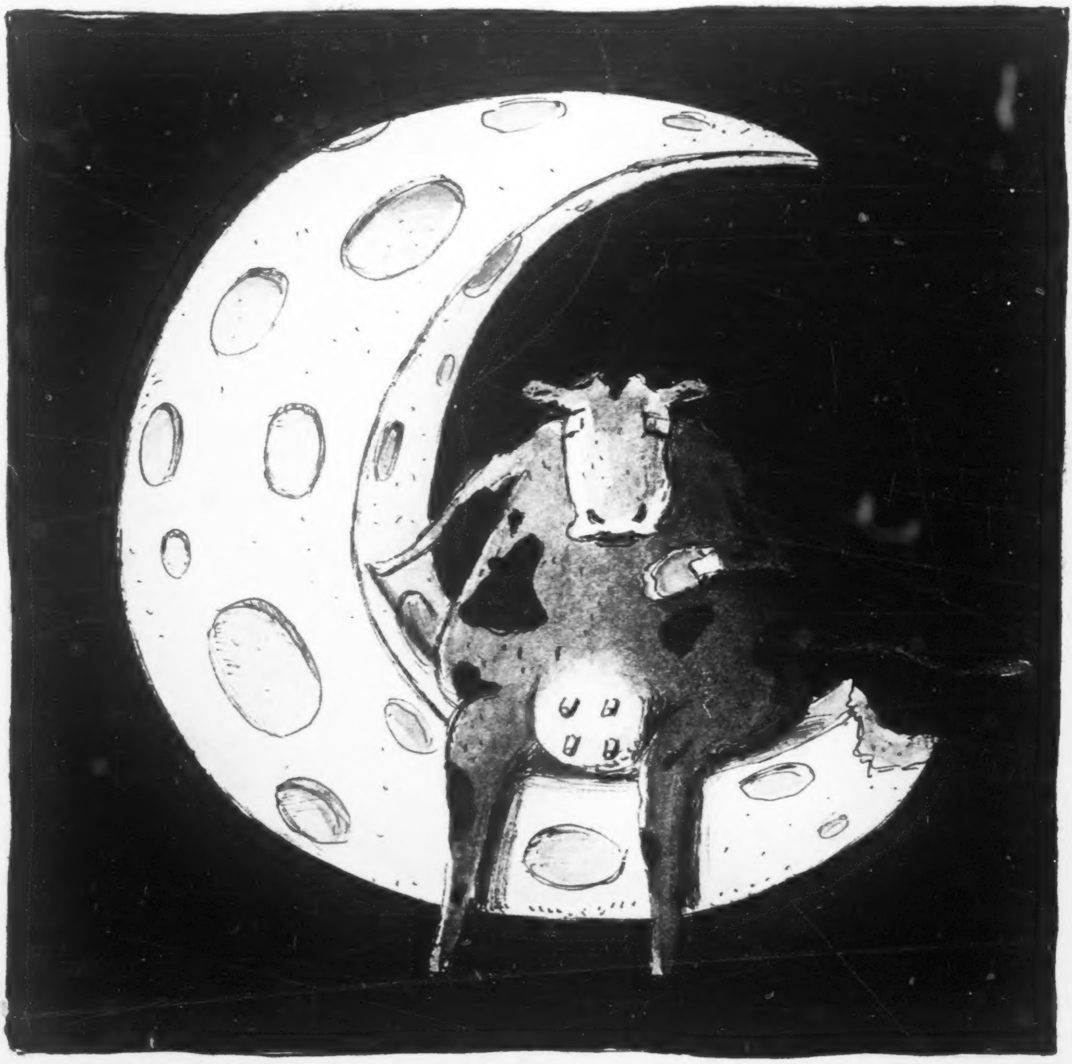

Illustration: Debbie Tilly

DAIRY

fastest- growing milk product, with 1989 consumption reaching 581 million gallons, nearly twice the 1975 level," according to Geoghegan.

DeJager of the National Dairy Board says the move away from fat-laden milks is a health-related, conscious choice on the part of consumers. Nevertheless, he said, Americans are still getting their fat in. "They are consuming as much milkfat as ever, but they're doing it in different forms," he said. "In cheese, butter, cream and yogurt, fats are up. There's been a shift to higher milkfat in ice cream. What milkfat brings to these products is a taste benefit that can't be duplicated."

Enhanced With Additives

But it can be enhanced with other flavorings and other health-oriented additives. While low-fat milks dominate the market, several niches are being filled with a flood of specialty milks, flavored milks, milks enriched with calcium and protein and even milks with reduced lactose. "Last year alone, supermarkets across the country squeezed 43 new fluid milk products into the dairy case," said Geoghegan. "There are even milks that contain beneficial bacterial cultures like lactobacillus acidophilus."

Ethnic Milk Makes Its Case

As for ethnic milk, that too is here. Farmland Dairies (Wallingford, N.J.) has introduced Leche Fresca, a higher-fat milk distributed under the Goya brand name by La Lecheria. Leche Fresca contains 3.8% milkfat.

"Many Hispanics have grown up in countries where this higher-fat milk is the norm," said Marc Goldmar, president of Farmland. "They have grown accustomed to this richer flavor, and prefer it over whole milk."

Farmland is quickly becoming a leader in this novel category. The company also produces "Goldman's Select," a kosher milk processed under the watchful eye of a rabbi to ensure it conforms to the strict dietary guidelines of Orthodox and Hasidic Jews.

Dean Foods (Chicago) is marketing Easy 2%, a new milk designed for lactose-intolerant consumers. The milk is positioned as "an affordable mainstream product for the whole family" rather than as a high-priced specialty milk.

Opens Door to Niche Items

Easy 2% could open the door to a series of products targeted to lactose-intolerant consumers,Geoghegan contends: "An estimated 50 million Americans have some difficulty digesting milk. The problem is especially acute among various ethnic groups. For example, 75% of African-Americans and 51% of Hispanics are said to be lactose intolerant. The problem tends to increase with age, so as America's population continues to grow older, the market for lactose-reduced dairy products will likely expand."

Lactaid, a Allentown, Pa.-based firm, has licensed 17 dairies in the U.S. and Canada to produce lactose-reduced milk.

Consumer concern about dietary cholesterol is also viewed as a new opportunity by some suppliers. A cholesterol-reduced milk is presently being test-marketed in the Midwest. The product is a 2% low-fat milk with 60% less cholesterol than ordinary low-fat milk. Steam is used to dissolve the milk's cholesterol.

Of course, tinkering with milk's nutritional properties is nothing new. Nutrient-fortified milk evolved in the 1930's when dairies began adding Vitamin D to whole milk to combat rickets. Today, dairies are adding "friendly" bacteria, including Lactobacilus acidophilus and Bifidobacteria.

Solids Restore "Mouth Feel"

Attempts are also being made to reconstruct some of the "mouth feel" lost from milk when its fat is removed. DeJager of the National Dairy Board said two other specialty milks have gained recognition: "Producers in California have introduced a higher-solids milk and it looks as if it has helped the consumption of milk in their borders. "It's fortified with calcium and also offers a taste benefit, because the increased solids offset the taste deficiency that comes when you take out the fat," he said.

But at least one supplier seems to believe that when the crowds go rushing in one direction, it's time to march in another. "Land O Lakes (Arden Hills, Minn.) has introduced a higher-fat milk to increase milk usage. Producers in other parts of the country, H.P. Hood in New England and Superior Dairy and Dean's in the Midwest, are producing extra light milks with 11% non-fat solids, he added.

But for true "mouth feel," nothing can compare to a good cheese. And when it comes to cheese, today's consumer is truly in the driver's seat. As with milk, cheese has matured from a bland, basic dairy staple into a multi-faceted cluster of products addressing consumer concerns regarding taste, health, fitness and convenience.

Cheese's growing variety is quickly making it an all-around consumer favorite. The number of cheese products nesting in the refrigerated case is certainly at an all-time high. And a product consumer once associated with high cholesterol has done a 180-degree turn. It's now regarded as a healthy food for meals and snacks, a perception that today's new products reflect and reinforce.

Consumers actually haven't given up their milkfat—they're just taking it in different forms ... like cheese.

Low-Fat Lines Expand

"The whole health thing is the big push," says Phil Grabfield, brand manager at Polly-O, the New York-based producer. "The three leading trends are variety, convenience and health, plus taste." Each is key to Polly-O's latest introductions.

"We re-launched our 'light' line of mozzarella and ricotta cheeses," says Grabfield. "We previously had a light cheese line that was 33% reduced fat. This is a 50% reduced-fat product." Why did Polly-O further reduce the group's fat content? "because that's what consumers are asking for," he says.

Polly-O has also introduced two shredded cheese blends: mozzarella/provolone, and mozzarella/cheddar. Both are packaged in 8-oz. resealable bags, one of the company's innovations designed to make the product easier to use.

"We're addressing convenience both through packaging and portion control, and we'll continue to look at more convenient options in cheese," says Grabfield. "And we're the first supplier in the country to introduce a fat-free mozzarella and fat-free ricotta," he claims. The fat-free mozzarella is available in eight- and 16-oz. chunks and eight-oz. shredded form; fat-free ricotta comes 15-oz. and 2-lb. sizes.

"Fat-free is the hot consumer button right now," Grabfied says. "Before, cholesterol was the concern. Now, consumers are saying excess fat is important to them and is a real concern."

Consumers Want It All

Kraft General Foods (Glenview, Ill.) is also responding to this trend, placing new emphasis on developing fat-reduced products. "Obviously, consumer demand is for great-tasting cheese products that have a reduced-fat benefit," said Nancy Nevin, manager of community relations. "This is helping us to determine where to spend our time. Consumers do love cheese and yet they recognize that healthier, reduced-fat eating is desirable."

Kraft has introduced "light" versions of some of its most popular cheeses: Velveeta Light contains one-third less fat than Velveeta; the Cracker Barrel Light Line has one-third the fat of Cracker Barrel; and Kraft has also introduced two reduced-fat versions of its Philadelphia Cream Cheese, said Nevin. "We do have a line of reduced-fat natural cheeses which are one-third less fat than natural cheeses, and a line of Kraft Free reduced-fat American singles," she added. Kraft has also released new flavors in its chunk and shredded cheese lines.

Kraft's goal for its customers is to let them have their cake and eat it too. It's just a question of balance, says Nevin. "It's important for people to know that any food can be part of a healthy eating plan. We're happy to introduce the taste benefit and the reduced fat consumers want in one product."

In cheese, the light category has taken over. "The Alpine Lace Free and Lean line has been the best thing for us," said Dave Wolf, dairy buyer at Hughes Markets (Los Angeles.) Free and Lean is a line of fat-

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free, low-cholesterol shredded cheeses distributed by First World Cheese (Maplewood, N.J.). Also popular is Light N' Lively Free, a 99% fat-free cottage cheese.

Some retailers are even offering their own cheeses. "We've gotten away from branded items and have offered a non-branded type of product that has been successful for us," said Ritchey of Dierbergs.

Observers say cheese's growing popularity as a snack food has dented yogurt's sales. But that hasn't stopped yogurt producers from jumping on the fat-free bandwagon with a series of new mixtures.

Fat-Free Yogurt Stars

Dannon Light, a fat-free yogurt introduced in late 1989, has grown to become the number one performer in its category, said Becky Ryan, director of strategic planning at the White Plains, N.Y.-based company. "It has been a huge success," she says of the aspartame-sweetened product. Following the success of light yogurt, Dannon last year introduced a fat-free blended yogurt.

In 1990, Ryan said, yogurt's growth "slowed, primarily due to rapid expansion of other healthy meals and snacks, both in the dairy case and outside."

But to put things in perspective, it must be noted that for yogurt, the 1980's will always be a tough act to follow. Over one billion pounds were sold in 1988, according to Dannon. Sales almost doubled in a six-year period.

But the consumer's penchant for light, convenient meals that deliver a powerful health benefit plays right into yogurt's bowl. And producers are keeping abreast of the latest vogue in the dairy market with several blended yogurt flavors.

"We think the outlook for yogurt is very good," Ryan says. "It has a history (in the consumer's mind) of being very good for you. And not only is it fat free, it has the benefits of live and active cultures which cheese doesn't have," she said. "Today, over 85% of all yogurts sold are classified as low-fat or non-fat."

Other light yogurts now in the dairy case include Weight Watchers' Ultimate 90 and Breyers' low cholesterol and fat free/low cholesterol offerings. Despite falling prices, high profitability and an identification as a "natural" product category, butter as a whole is still performing below expectations. "Butter products are down in our stores," says dairy buyer Dave Wolf of Hughes Markets.

A Profile Problem?

Retailers' reports of low butter sales may be tied to the product's low profile in the dairy case, says the Dairy Board's DeJager; retailers are either unaware of or simply not reading the available statistics. "Butter's sales were up a little over 5% in 1990 over 1989," he said, "but stores are still adding new juices and margarines to the case.

"The most profitable dairy products in the case are butter and milk," adds DeJager. "(But) butter is still under-represented (particularly when compared to margarine) in the dairy case."

Of course, consumer concerns for high-cholesterol animal fat may have had something to do with slower butter sales, too. To help allay these concerns and still give them that great butter taste, manufacturers have developed new "blended" formulations.

Land O Lakes, (Arden Hills, Minn.) is attacking the "light" dairy category with Country Morning Blend Light "spread" (a mixture of vegetable oil and butter), featuring less fat and cholesterol than butter or margarine. The company is also test-marketing a new light butter, said Bob Jodan, vice president.

More Space Might Help

But Jodan, too, says butter's performance is dependent on the space retailers provide for it. "We've been pleased with our butter sales, but it's been a question of whether the good-selling butters have adequate shelf space."

But it's margarine that's the action category, contends Mark Goodfriend of Van den Bergh Foods (New York City). The butter/spreads/margarine category is broken down in several ways, Goodfriend says. "Butter and margarine have been declining, and spreads have been growing in terms of total unit sales.

"Within the margarines and spreads, the growth has been in 'light' and easy-to-spread products. Blends have also been growing. The trend is away from butter and fuller-fat margarines because of their cholesterol content. Instead, consumers are moving toward the soft forms of margarine because of their lower cholesterol. These soft margarines also are often more convenient.

"Today," Goodfriend says, "the leading trend driving consumer choices in butter, margarine and spreads is overall health consciousness. They're reading the labels to check the quantity of fat and oil, and they're also determining what type of oil is used in the product to compare the saturated fats contained in different types of oils. Price is a consideration as well.

Consumers are reading labels to check the quantity of fats and oils, and also just what kind of oil is in the product.

"Our whole approach to the category has been to go toward the trends. The soft margarine forms are more profitable per unit than stick margarines or spreads. Depending on what area of the country you're talking about, they're also 20 to 40 cents higher in price.

"It is true that there have been a great many new margarine entries into the dairy case in the past few years. But a lot of them have been in the higher-priced segments. The new products are both in the blends and health-related categories. There are also a lot of new soft-form margarines and margarines in niche categories. In other words, we're not seeing a race to come out with another 59-cent stick of margarine."

Margarine, Butter Related

Goodfriend points out that the butter, spread and margarine categories are interrelated. "Butter is usually higher-priced than margarines and spreads, and is thus more profitable. But butter accounts for only about 15% of the sales in the category. Also, butter's been declining about 8% a year for the past few years, except for a small bump-up recently. Together, the butter/margarines/spreads category is typically the third or fourth largest in the dairy case."

Egg sales are also declining, say retailers, primarily due to their identification with high cholesterol levels.

Cholesterol notwithstanding, the milk cooler was the bright spot in the dairy case last year. Milk sales were up 9.7% over 1989's level. This is significant since milk sales were over $4.5 billion last year, making it one of the largest-selling categories in the store.

Milk, like many of the other products in the dairy department, has managed to overcome the stigma of cholesterol by marketing alternative products. In the case of milk, the sales gain is a combination of more milk being consumed across the board, and switching from whole milk to reduced fat or skimmed milk.

The introduction of many new lower fat, lower cholesterol and low sodium products has also helped the sales of cheese. Both natural and processed cheese products enjoyed double-digit sales growth last year.

Natural cheese increased 11.8%, and processed cheese went up 10.4%. Since both these categories have supermarket sales of very close to $2 billion, their increases are a real boost for the department.

A big reason that the department saw a 5.7% increase in sales last year was the contributions made by its non-dairy based segments. Refrigerated juices and drinks, which is an almost $2 billion catgeory, saw sales increase by 9.1%. This was due primarily to the 10.1% gain by the powerhouse product of the section—orange juice.

With the exception of the poor pickle, every other refrigerated specialty product increased sales in 1990. Newer products, such as refrigerated salads, entrees, puddings, pastas and dips all saw their burgeoning sales bases expand last year.

So, too, did more established dairy case products such as refrigerated dough, which enjoyed a 7.5% gain in sales.

Variety and convenience, retailers predict, will keep the refrigerated case a source of consumer interest in the coming years. As more prepared foods and reduced-fat dairy products go into it, grocers should be pulling more sales dollars out of it.

—HOWARD REILL

GREETING CARDS

Greeting cards are still growing, and no less a nonfoods star in supermarkets. But supers still capture just 20% of total card sales. Here's what's being done, both to grow the market and capture more of it.

■ Supermarket greeting card sales grew by about 9% in 1990, according to SUPERMARKET BUSINESS's 1991 Consumer Expenditures Study. While that number signifies a nice sales gain, it also represents a mixed message. The category's growth rate has slowed from the double-digit pace of the 1980s. But it was still fast enough to outpace growth in all outlets, which ran at about 6%.

Yet, while supermarkets are getting more greeting card dollars, they're not getting nearly as many as should be possible. Only 20% of all greeting card sales are made by supermarkets and last year, greeting card makers estimated that only 10% of supermarket shoppers bought cards at a supermarket.

"A shopper buys a greeting card about once every seven times they visit a supermarket," says Dan Moraczewski, vice president of sales administration for American Greetings (Cleveland). "What we have to do is to remind shoppers to come through the greeting card department. We say that forgetfulness is our biggest competitor. There's always some reason to send a greeting card. We have to remind shoppers to take a moment to shop."

"We need supermarkets' help," says Ward Fendley, manager of supermarket accounts for the Ambassador Cards division of Hallmark Cards, Inc. (Kansas City).

"Sometimes you just need an arrow to remind customers that greeting cards are there in the store and perhaps signs to remind them that Mother's Day or Father's Day is coming," American Greetings's Moraczewski adds.

Variety: A Key to Success

But consumers often are resistant to changing their shopping patterns. This is something with which supermarket operators have dealt while adding delis, bakeries and other departments. But greeting card buyers can be an even tougher sell. Many are convinced that supermarkets just don't offer the level of selection that card shops do.

So, to build sales, supermarkets need to do more than simply stock a nice card section. They have to confront customers not only with quality, but with variety.

"Ideally, supermarkets should set a trend from the opening on, developing the most attractive way to promote greeting cards," says Fendley. "The big thrust is making sure

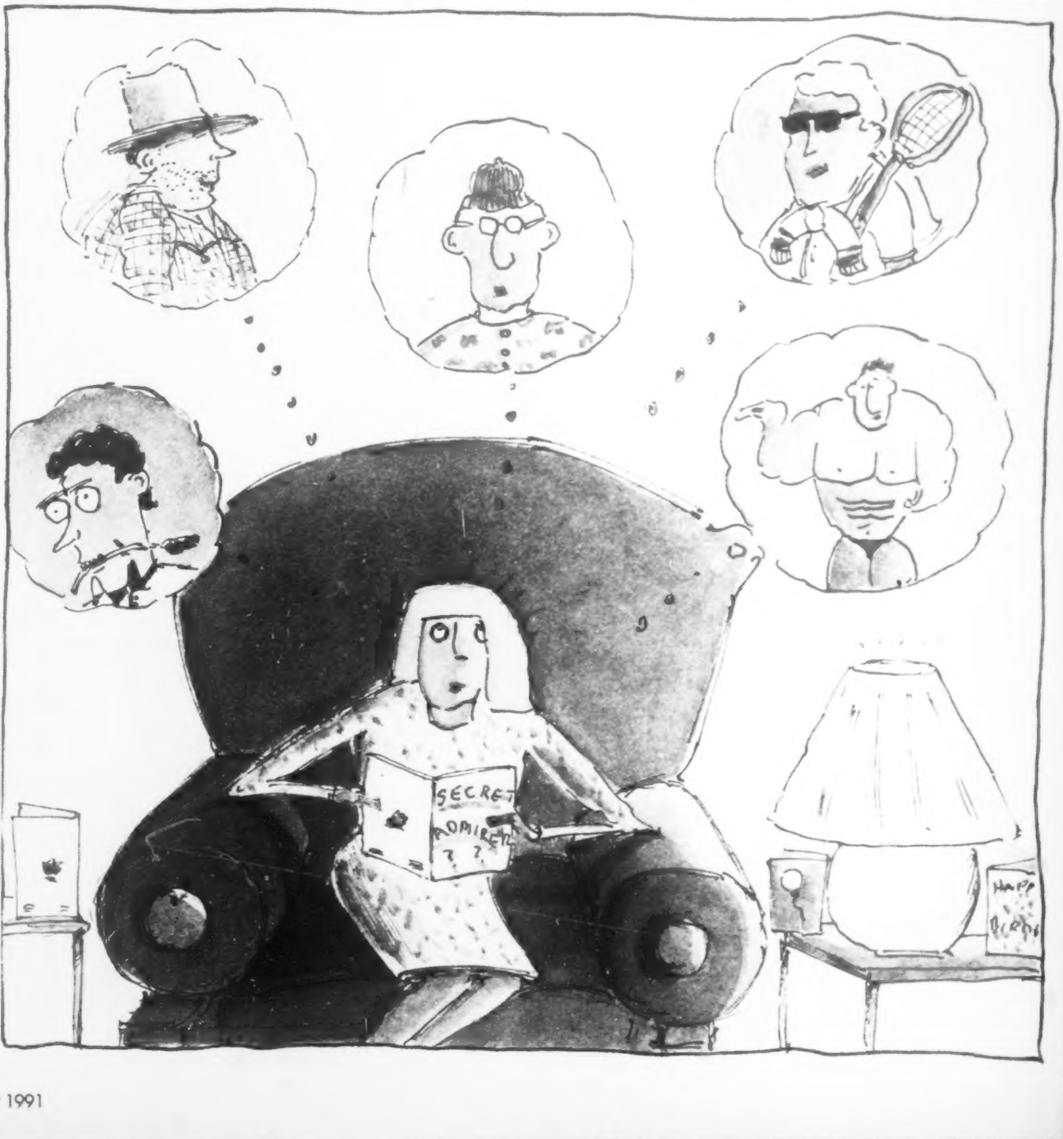

Illustration: Debbie Tilly

customers develop a relationship with the card shop. There has to be an extensive selection. They have to want to spend time there. We work with our customers on department location in the store, to ensure that it's placed somewhere shoppers have some privacy so they have a couple of seconds to shop the display."

Success in greeting cards does require some sensitivity to the intangibles, such as presentation and ease of purchase. Who would buy something as personal as greeting cards in a shop that looks as though personnel doesn't care?

"If you want to get customers, and want to keep them coming back, the section has to be nice, well identified, and if somebody wants a birthday card, it has to be easy to find, which comes from good signage and identification of product," says Peter Shapleigh, vice president for business development, East Coast, for Gibson Greetings, Inc. (Cincinnati).

"What we're doing is trying to come up with better locations, better signage, better point-of-purchase material. We're also doing a lot of outposting. There are so many sales to be had around the floral and bakery departments. We're also offering cards on clip strips so they can be merchandised for additional sales anywhere outside the section."

Goal: A "Destination" Section

The ultimate goal is to make greeting cards a destination department, and to make supermarkets one of those stores that immediately come to mind when consumers think of greeting cards.

Fortunately for suppliers, at least some supermarkets are on the same wavelength. "Greeting cards have always been important for us," says Rob Boley, director of public relations for Fred Meyer, Inc. (Portland), which is a top greeting card purveyor in its Northwestern markets. "To make it work requires a good layout so people can find cards easily, and variety. Customers have to be confident they will find a good selection."

Another challenge for operators is protecting their margins while staying competitive. For today, as with HBA, greeting card prices are coming under pressure from aggressive competitors. For example, Phar-Mor, the deep-discount chain, slashes prices of its greeting cards as much as 50 cents below the listed price, as a major selling point for its stores.

But, of course, supermarkets can use their customer frequency to their advantage.

To take maximum advantage of the consumer's frequent trip to the supermarket, cross-merchandising is crucial, says Fendley of Ambassador. "If there's a promotion in the floral department, for example, it makes sense to have other high-margin products around. Giant does a big push with outpost displays, and Safeway is big with them."

'Forgetfulness is our biggest competitor. We all need to be constantly reminding people to send a card to someone.'

But care must be taken that cross-merchandised cards and outpost sections aren't mistaken by consumers: "Greeting cards have to be well-signed wherever they appear, but it's especially important for outpost displays in other product sections," says Fendley. "It's important, for example, that customers realize an outpost isn't the entire greeting card selection. So, in many cases when we're running outposts, we'll be running a promotion to get them over to the main card department as well."

Greeting card promotion is also important, but as in any other category, works best when tailored to the retailer's own merchandising philosophy. "It's got to make sense to the store strategy," Fendley says.

To that end, he adds, an increasing amount of effort at Ambassador is aimed at adapting promotional programs to conditions of different stores.

Seasonal Promotions Expand

A smorgasbord of promotional opportunities from which to choose can make this easier...indeed, ensure that promotion happens at all.

"Of all our promotions, our Season Plus program offers the best opportunity right now to attract customers into the greeting card department," says Fendley.

Introduced for Valentine's Day in 1990, the Season Plus program originally covered four other holidays: Christmas, Easter, Mother's Day and Father's Day. For 1991, St. Patrick's Day, Graduation, Halloween and Thanksgiving have been added. The promotion package includes highly visible graphic displays featuring the theme artwork for that year. Last year, Peanuts characters were featured. This year, it's Norman Rockwell paintings.

American Greetings, too, has strong seasonal programs, says Moraczewski. "A strong overhead graphics program is one way to bring customers into the section. If customers are coming in for other seasonal items anyway, you need a reminder about the greeting department."

American Greetings and Ambassador both offer everyday card promotions, as well. American Greetings puts somewhat more emphasis on everyday cards, under the umbrella name "Forget Me Not," while Ambassador keys on seasonal.

American Greeting has increasingly offered "niche" cards designed to appeal to specific customer groups. For example, over the last year the company has boosted its "78th Street" card line, which features messages designed to be sent by women to other women. The company also has introduced a Forget Me Not line called "Just Thinking of You" to build on its successful "Couples" everyday card line.

Card Makers Chasing Men

"Couples" is in part an attempt to convert men into more-frequent card purchasers. "Men are in supermarkets more today, so you have to capture their business as well," Moraczewski explains. "About 22% of shoppers who buy our Couples cards are male, which is better than our normal ratio of 90/10 for female versus male, buyers."

Among other card manufacturers, Sangamon (Taylorville, Ill.) in June introduced "I Just Want You to Know," an everyday line grouped into three lines: care and concern; love; and friendship.

Other new product lines introduced recently include Forget Me Not's "Nature's Treasures," which is aimed at environmentally concerned consumers. The new product line was created in association with the National Wildlife Federation. The company touts it as the first recycled product from a major greeting card manufacturer.

Recycled Paper Products, Inc. (Chicago) has also been energetically introducing greeting cards for the environmentally conscious. The recycled paper content of the card is the aspect of the line most aggressively touted to consumers.

And for the politically conscious, there's now "American Greetings to the World," an "international communications program" launched this year by American Greetings with the cooperation of the United Nations. As initiated, the program included point-of-sale displays in stores providing sign-up postcards that could be mailed to the company to arrange "pen friends" around the globe for interested Americans.

Ambassador, for its part, has no intention of surrendering the everyday card business to its rivals. In December, 1990, "My Thoughts Exactly"—identified by the company as its most successful card line—was switched to recycled paper. And in August of this year, Ambassador started shipping its "Primor" greeting cards. The new line was developed for the Hispanic market, and will be fully available by next year with more than 1,200 everyday and seasonal designs.

Ambassador is not the only company to produce greeting cards in Spanish; the Hispanic market is a specialty of Gibson Greetings. Gibson recently launched "Humor," a line of light-hearted cards that has proved especially popular with affluent Hispanic consumers.

Developing successful niche markets means creating a team of people who really understand the group being addressed, says Sam Facciolo, vice president of business development- special markets for Gibson.

Key: Know Culture Nuances

"Our approach has been to make an investment in the product and in Hispanic people who understand the market," he says. "Basically, that's

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HEALTH & BEAUTY AIDS

■ Last year, health and beauty aid products recorded a 5.5% increase on sales of almost $14 billion, according to the 1991 Consumer Expenditures Study. Some blame the recession for this meager gain; others point to increased competition. Nonetheless, this sector remains firmly entrenched as one of the most profitable areas for supermarkets.

While many chains allocate less than 5% of shelf space to these products, HBA items generate a much higher percentage of a company's profits. And industry sources say a growing number of customers consider supermarkets their primary source for HBA items.

"Americans are becoming accustomed to finding their health and beauty aids—from vitamins and razor blades to sinus remedies and hair care items—in the same store they buy their meat and potatoes," reports Johnson Sico, retail pricing manager at Waldbaum's Supermarket in Central Islip, N.Y.

So what are the buying trends and important developments within the key categories? Some answers:

Hair Care: Staying Even

Shampoo sales are running stride for stride with 1990's modest growth numbers, which increased about 2.6% over 1989's figures. Shampoos and conditioners represent more than $1 billion in sales. Sprays and fixatives add close to an additional $500 million to this market.

"The recession had a lot to do with the scant increase," says Gene S. Ringuette, vice president of sales at DowBrands Personal Care division (Minneapolis). "People are not as liberal with usage. They'll stretch a bottle of shampoo a lot longer than they did two or three years ago."

This year, attempting to add body and shine to the bottom line, several hair care companies introduced or restaged so-called two-in-one products, which include shampoo and conditioner. For years, these products have been selling well in Europe and Japan. Sales of these products are expected to be strong here, because they're convenient and help save time, Ringuette adds.

In addition, in January DowBrands restaged Perma Soft to address different stages

HBA weathered intense competition to post a modest sales gain last year. Even better news is that, more than ever, consumers are turning to the supermarket as their primary source for these products.

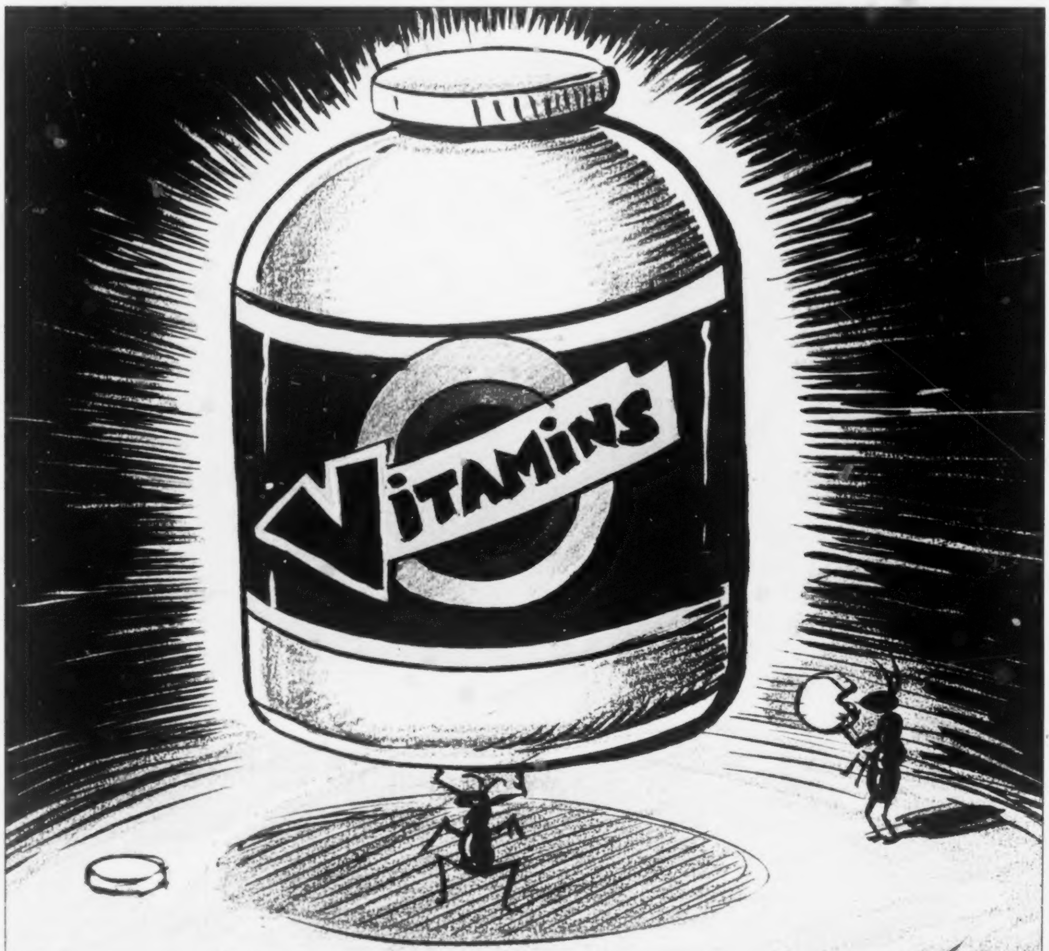

Illustration: Steve Sweny

of the perming process. Perma Soft is a shampoo, conditioner and accompanying fixative line for women who have perms or any kind of damage to their hair. Since it was introduced in 1984, Perma Soft has been steadily increasing its share of the market. But since the restaging, sales have increased more quickly ... up 8% over a year ago. And market share is up .4% in conditioner and .3% in shampoo.

The growth rate in fixatives has slowed due to changing hair styles. Nonetheless, L'Oreal, which was the first to hit the market with a mousse in the '80s, is among those companies that has stepped up its efforts to promote fixative products.

The low-end hair spray market has seen little growth due to a flurry of competition that is keeping prices at or below a dollar per unit. Much of that competition is coming from the rapid increase in non-aerosol spray products, developed in response to consumers' growing concern for the environment.

Most other hair care products showed good performance: Conditioners and rinses increased 1.5% to $255 million; hair setting products recorded $111.9 million in sales, up 8.5%; hair coloring products turned in $106.5 million in sales, with no gain.

'Permanents': Cutting Edge?

Last year, Gillette's launching of the Sensor razor was the big news in the blade business. Gillette spent $35 million on its advertising program, according to W. Scott Roberts, then vice president of brand marketing for Gillette (Boston).

This year, Schick received much of the attention as it launched Tracer. Category director Jack Voller said that while the company focused most of its advertising efforts on promoting Tracer, "we emphasized disposable systems in many of our campaigns, as well."

Sales of Schick disposable blades are holding steady, Voller says. "I think retailers should watch their shelf space carefully, because they will notice a further decline in some of the older systems. But disposable razors should continue to fare well."

Schick, which launched Tracer by packaging the product with a redeemable coupon equal to the system's value, will unveil other promotions designed to push the product on the market faster. "The coupon is effective because it generates instant income for the retailer," Voller said.

Hope Patents Prevent Challenge

Gillette and Schick have patents on their respective permanent systems, and thus hope that no other company will challenge them in this area. The companies also hope for as much retail support as they can get.

"Retailers should emphasize the value of permanent systems because this is the way the industry is going in the future," Voller suggests. "They are not only leading the market expansion, but they offer the best gross margin opportunity."

Disposable blades make up about 55% of the blade market, down 2% from a year ago. Gillette's Good News remains the country's number one disposal blade and is not expected to be hurt by the introduction of the premium systems.

For 1990, razor blade sales increased about 9% to $800 million in all retail outlets.

Overall, the catch-all toiletries category is in a slowdown mode, mirroring the anemic performance turned in by deodorants, one of the key items in this category. Stick products continued to show only modest gains.

Until a year ago, the mouthwash category was enjoying rapid growth, fueled largely by the introduction of plaque-reducing products. But sales have flattened, due partly to questions about the medical claims made by manufacturers about these products.

"The clinical data on products that claim to reduce plaque and gingivitis are still up in the air," says Glenn Rudberg, brand manager for the Cepacol/Oral Care consumer products division of Marion Merrell Dow (Cincinnati). Rudberg believes there will be a "shaking out in the industry." As a result, Cepacol, which has been on the market for 52 years, is not expected to break Listerine's 30% market share any time soon, he says. But a one-for-two product strategy employed recently has helped increase sales.

"We offered retailers deals that enable them to get one bottle free for every two they sell during a certain time period," he says. "This offer enables retailers to price our product as they see fit; it puts the retailer and the manufacturer on the same team."

Despite general success with HBA products, many supermarkets fear the increasing competition from aggressive price merchandisers.

Rudberg says products that have been on the market for many years will fare well in this environment.

The people at Warner Lambert, which markets Listerine, whose household penetration is up 15% in the past four years, would agree. A joint promotion earlier this year with Colgate toothpaste and toothbrushes highlighting Listerine's therapeutic benefits reportedly proved the truth of an old saying: When two recognizable names come together, favorable results are seen on the bottom line.

"According to our internal research, the promotion helped to increase sales in the entire category for many of our retailers," says Susan Jacolow, Warner Lambert's product manager of Listerine and Listermint.

Family planning—or, more accurately, *non*-family planning—was a good performer, standing out on the otherwise uninspired toiletries team.

Supermarkets have increased their sale of contraceptives by one-third in the past seven years. Curiously, baby care items are also up, by about 8% in the past year alone, after several years of relatively unimpressive growth.

Apparently, all those contraceptives didn't work too well.

Skin care sales were up a modest 3.4%. But manufacturers are biding their time, expecting that rate to increase throughout the decade as baby boomers pass into their late forties and fifties, and begin searching in earnest for quality skin care products ... and more of them.

Meanwhile, the boomers—and more and more cautious consumers of all ages—are increasingly doing what they can to forestall sun-induced wrinkling and worse: Suntan/sunscreen sales have registered double-digit sales growth in each of the past four years. Supermarkets alone have accounted for more than 18% of all sales of suntan lotions and oils. Retailers who give these products quality placement on the shelf and invest the most advertising dollars are said to be the big winners in this area.

Concern for Competition

Despite their success with HBA products in recent years, many supermarket retailers are concerned about increasing competition from aggressive price merchandisers such as mass marketing giants Wal-Mart and K mart, deep discount drug stores such as Phar-Mor and Drug Emporium; and wholesale clubs like Price Club.

Their concerns are not groundless. Last year's Food Marketing Institute study of consumer HBA buying habits and shopping attitudes indicates that supermarkets are potentially vulnerable to these outlets.

"There's an increasing awareness among shoppers to do better on price," says Willard Bishop, president of Willard Bishop Consulting Limited (Barrington, Ill.). "The challenge facing supermarkets is how to compete more effectively without dramatically reducing their own prices."

An FMI study conducted by Bishop Consulting is expected to provide some answers to this question. Bishop says that his organization will have interviewed over 1,800 consumers to complete the report. It is scheduled for release next month —DOM DEL PRETE

PET FOODS

■ Ironically, a sluggish economy may have given supermarket pet food sales a boost.

Many consumers are no longer buying the pricey foods sold by pet stores and veterinarians, dog- and cat-food manufacturers say. Instead, Kitty and Fido are eating supermarket varieties.

And what America's animals are finding in their food bowls is not just super-premium foods like Kal Kan's Expert or Purina's O.N.E. Private-label pet foods have suddenly recovered their strength, after having been declared dead only a few months ago.

"While super-premium branded products continue to sell well, many supermarkets are relying on their own private label brands for a good portion of sales," says Michael Milone, vice president-marketing for Heinz Pet Foods (Newport, Ky.).

"These tend to be lower-priced items, and are doing well because people are still apprehensive about the economy."

The trend is confirmed by supermarket retailers. Says Richard Vitabile, grocery buyer for Twin County Grocers (Edison, N.J.), "Everything has been selling cheap, with many chains having locked in prices throughout the summer. Dog chow and cat food products are selling very inexpensively now."

But it isn't just the allure of cheaper foods that has attracted shoppers back to the supermarket pet foods aisle. Thanks to new premium pet food introductions, consumers don't need to make an extra trip to the pet store to feed their dog or cat well.

"Pet food as a whole is increasing for us," Vitabile notes. "Cat food is growing faster, especially the new cat food products and specialty care products that are now available." Profit margins on super-premium brands are generally higher than those offered by regular pet food offerings, he adds.

And now that many higher-spending pet food shoppers seem to be back, supermarket pet food suppliers intend to keep them there. Even if consumers' goal is, temporarily, to buy cheaper products, manufacturers hope that exposure to the new premium lines will convince shoppers to remain

'If the supermarket is good enough for me, it's good enough for the cat.' Today, that seems to be what more consumers are thinking, as they abandon pricey pet-store foods for brands available in the (people) food store.

PET
DIET
PLAN

Illustration: Steve Sweny

even after the economy recovers and they begin overindulging their pets once again.

Sales Had Shifted Away

Indeed, with brands such as Iams and Science Diet being sold from veterinary offices and specialty pet stores, supermarkets and their suppliers saw growth in the pet food segment shift from grocery shelves.

In 1990, grocery store pet food sales barely increased, according to the 1991 SUPERMARKET BUSINESS Consumer Expenditures Study, posting a gain of just 0.7%. And that was thanks to price increases—according to manufacturers, tonnage actually slipped 0.5%.

As an all-outlet total, pet food sales growth was slightly better, up 1.2%. By contrast, 1989 sales growth for grocery outlets was 6.1%, versus 6.6% for all outlets.

Today, while manufacturers introducing premium and ultra-premium brands acknowledge that the poor state of the economy has affected their sales, they're optimistic about the long term.

For one thing, their customer base itself continues to grow. The dog population rose to 54.5 million in 1990. The cat population increased to 63.2 million, and is expected to continue grow. And while pet food has become a highly competitive category, supermarkets still dominate sales, doing about 65% percent of the pet food business, according to the 1991 Consumer Expenditures Study.

So, manufacturers have continued to bet on the category ... and on the super-premium segment thereof. Besides Experts and O.N.E. there are Heinz's new Reward products and Quaker's "advanced formula" Cycle brands.

The result is a great deal of competition in supermarket aisles for premium-pet-food space, as manufacturers vie for shelf share as well as for their share of the consumer pet food dollar. These new products are designed to appeal to those consumers who buy based on the recommendations of their veterinarian, or from the specialty pet stores.

Future is A Question

The question is, which supermarket pet foods will actually prove competitive with the veterinarian and pet store products after the economy picks up? Quaker, which makes Cycle pet foods, has acknowledged it was slow to react when pet owners started purchasing nutrition-oriented pet foods.

But Quaker was by no means alone; other companies are playing catch-up, too: To recapture business lost—or business never gained—manufacturers are now reformulating just to win back lost ground.

The long-term success of super-premiums depends on whether consumers see a positive difference between them and regular pet food ... and a parity between them and pet-store super-premiums.

But it wasn't just business lost to pet stores that tipped some manufacturers off, and got them into the super-premium business; it was the trend across the supermarket toward more upscale products. According to Pat Farrell, a spokesperson for Ralston-Purina (St. Louis), "We fancy ourselves as having been the company that introduced super-premiums with a more dense nutritional item. It was the first time it had been done.

"We went into the stores, and saw that super-premium products were prospering across all categories, not just pet foods. We extended that same thinking into the pet food aisle."

New competition from other manufacturers will be a good thing, not a bad thing, he notes—its likely effect will be to grow the entire super-premium category, as advertising and marketing supporting supermarket introductions gets consumer attention, raises their awareness, and legitimizes the whole concept in the minds of more and more shoppers.

To be sure, it was the specialty pet shops that paved the way. Observes Heinz's Milone, "The way people approach and buy pet foods is changing radically. In the last few years, we have seen the high-nutrition-image dog foods booming in sales. And that is reflected in supermarket aisles in super-premium offerings for dogs and cats."

All Things to All Outlets?

For its part, Ralston-Purina is hedging its bets, with products that are sold in outlets competing with supermarkets...Purina ProPlan, for example, which is sold through pet shops and feed stores.

To some extent, the degree to which a product segment such as super-premium achieves consumer acceptance is a function of how much time it has been on the shelf, observes Dick Curd of Carnation Pet Foods (Los Angeles). The success Carnation has enjoyed to date, he says, is partly the result of getting into the super-premium segment early. "Because of that, we lead in several areas: 6-oz. cans of cat food and in 3-oz. pop-top cans under the Fancy Feast label.

"With dog food, we are number one with Mighty Dog in small cans, and we're leading in the chewy treat product category with Cheweez."

Purina's Farrell reports that his company has tested a line of some 20 new products in Western markets. The line was then culled, with five products retained for a national rollout—a dry dog food, a "light" dog food, a puppy food product, a new regular cat food line, and a kitten food product.

Purina's approach to the trade was to share with supermarket companies the results of the test, to assure buyers and merchandisers that the product would sell. "After we developed the product, we went back to the supermarket trade and told them people were willing to buy these products, that we had already proved it," Farrell says. "And we knew we could make it work in the supermarkets."

Not A Winner Yet?

But not everyone is persuaded that super-premium is the new direction in supermarket pet food. It's premature, says Twin County's Vitabile, to predict the success of these new products in the marketplace with the economy in its present condition. Faced with a contracting economy, people are less brand-loyal...and whatever is on sale sells best, he observes.

Still, he adds, "Purina's O.N.E. is doing fairly well, and so is Quaker with the restaging of its dog and cat food lines."

How well super-premiums ultimately perform and how large a share of supermarket pet food sales they command will depend on how well the manufacturers "sell" the concept of a quality difference between super-premium and regular supermarket pet food...and quality parity between supermarket super-premium and pet shop/veterinary super-premium.

Among consumers, there's still the perception that super-premium pet store brands are superior to grocery store brands.

That's a fallacy, says Purina's Milone. Some pet store brands do offer extra nutritional benefits for specific animals, he acknowledges. But even among grocery store private-label pet foods, there are no broad-based nutritional deficiencies, Milone adds

As for the super-premiums, he says, they're "not necessarily higher-nutrition products, but rather quality foods that are highly digestible."

They also tend to appeal more to both owners and the dog or cat...a matter of no small importance, he points out. "Grocery store sales depend on appearance, smell and animal gratification," he says. "If the animal doesn't like it, consumers won't buy it again."

Most veterinarians agree there is no evidence that any of these high-nutrition brands contribute to healthier or longer-lived pets. But some consumers, at least, seem to be more than willing pay a higher price for food they perceive to be better for their animals.

Size, Not Market, in Question

So if its size is still in question, there remains no doubt that a market for super-premiums exists. But if supermarkets are going to compete effectively for it with outlets such as veterinary offices and pet stores, they'll have to make a concerted effort to support the message their suppliers are trying to convey to consumers, manufacturers say. As manufacturers develop more of

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PHOTO SUPPLIES

■ As a total category, photo supplies and processing grew by 5.9% in supermarkets during 1990, according to this year's SUPERMARKET BUSINESS Consumer Expenditures Study.

That growth was boosted by a 10.8% increase in processing revenues, and a 7.3% increase in still camera sales. But it was hampered by a marginal 3.8% rise in film sales. And flashbulbs and cubes, long a declining category, slipped 10.4%.

On a positive note, photo supplies' supermarket growth outstrips growth in all outlets. For example, processing revenues in all outlets increased about 7.9% in 1990, 2.9% less than in supermarkets. Camera sales grew about twice as quickly in supermarkets as in all outlets, while even supermarket film sales were outstripping the all-outlet growth rate, which was only 2.3% in total. For the whole photo supplies and processing category, sales in supermarkets increased by about .6% more than in all retailers.

Even a cursory examination of those numbers indicates that supermarkets offering a full-service photo department are most likely to enjoy the strongest photo supply sales growth.

Not long ago, a half-dozen J-hooks at checkout provided almost all supermarket photo sales. But as supermarket operators became more interested in expanding GM sales, processing operations offered immediate opportunities for line expansions.

And some supermarkets began to pursue a one-stop shopping strategy; photo became even more critical; and the idea that one supplier and a few SKUs could satisfy everyone began to seem dated.

Now, supermarkets deeply involved in GM recognize they are competing for dollars category-wide. The retailers that enjoy the great majority of incremental dollars spent on film will be those that offer a range of products and related services.

According to film producers, the strongest photo programs always include some form of film processing. Studies conducted by Eastman Kodak Co. (Rochester, N.Y.) show why, according to Gary Briddon, manager of food and drug markets.

Minilabs: Eye-Catching

"We look at a ratio we call retention rate," he says. "If a retailer sells 100 rolls, how

With minilabs raising the profile of supermarket camera departments, processing sales led the increase in food store photo sales ... and food stores led all outlets in growth.

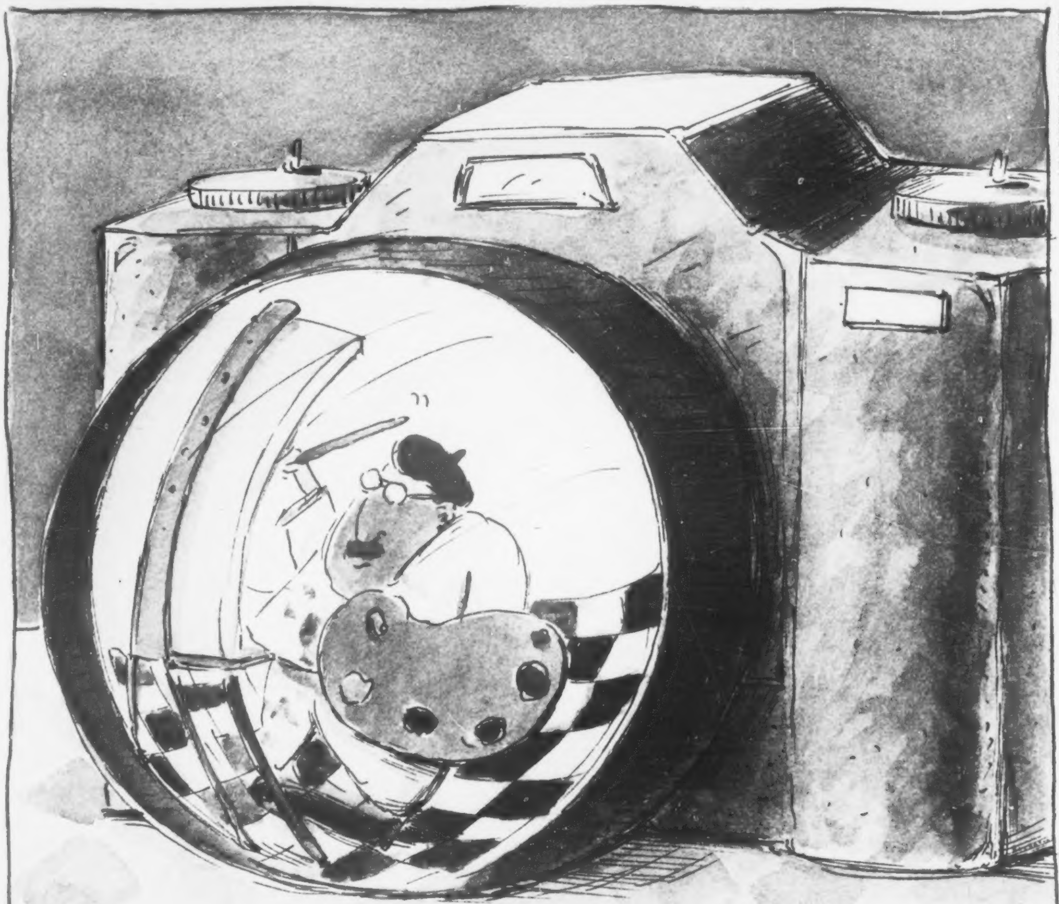

Illustration: Debbie Tilly

many come back for developing? At a good drug chain, the product that comes back is in excess of 100%. Anything over 100% has to come from other outlets, including supermarkets. I was at a chain supermarket operation with minilabs and full photo departments in about a third of its stores. The units with labs exceeded 100% with their retention rates. But the chain overall has a retention rate in the 50s."

Kodak offers supermarkets various minilab support programs, even though it has gotten out of the minilab business. "We're no longer in the hardware business," Bridden says. "Instead, we've focused on the strength of our paper and chemistry. But we provide technical support, including training; environmental consulting to help retailers cope with issues such as discharge regulations; and a technical assistance line with an 800 number. We'll even dispatch someone if we can't solve the problem over the phone."

But processing revenues themselves aren't the only way supermarkets profit from full-service photo departments: "The visibility of minilabs and microlabs in supermarkets is driving film sales," says Rod King, senior marketing manager, photographic products division for Fuji Photo Film U.S.A. Inc. (Elmsford, N.Y.). "Any supermarket interested in photo supplies should really look into minilabs. It's as much about perception as a substantive issue. Consumers see minilabs and are convinced a retailer's serious about the film business. It has an impact on all purchases of photo supplies."

Concept Intimidating?

So why doesn't every store have a minilab? Minilabs aren't always practical. But even in cases where they might fit, many operators continue to resist adding still another department, especially one they may feel unprepared to operate.

"Supermarket executives used to look at the film processing business in food operations and say that any successes were the exception rather than the rule," says Mike Lammers, marketing manager for Noritsu America Corp. (Buena Park, Calif.), the number one minilab provider in the U.S. "And that's why they wouldn't get into finishing.

"But they realized business was already going through the store and when they began seeing the proportion of processing services grow in supermarkets with finishing, they started to become more receptive. When you put in a minilab, it gives shoppers an exposure to service. Previously, supermarket operators were merchandisers. But it has become a service business. Supermarkets are recognizing that they have to provide service to keep up with competition. Even if the investment and labor costs are high, there's also a higher return, with a better profit margin."

> **'Half the sales of single-use cameras are impulse, so it's a great item for a checkout or an endcap. Single-use cameras can have a multiplier effect throughout the photo supply operation.'**

"Supermarket executives are most often grocery oriented," says Kodak's Briddon. "However, they do realize that, while GM/HBA may only represent about 4% of volume in a typical supermarket, it can top 14% of sales. We try to help them develop a mind-set about the potential of the photo supply category. A lot of those executives are thinking about expanding the produce department, the bulk food department. We try to help convince them that the growth of photo products offers a better opportunity."

And options are available for the reluctant supermarket operator who nevertheless would like to take a shot at the photo market. Many wholesale labs—the folks who pick up the film at the supermarket for processing off-site—are offering microlabs, which they often set up and staff themselves. Usually, microlabs offer one-hour service in house for a premium and overnight service at lower cost.

"Such operations take care of the price-sensitive consumer who will wait a day," says Briddon, "but also appeal to consumers with a time priority willing to pay a little more. And they create higher visibility for film developing services."

Supermarkets that expand their photo operations also may enjoy better support from their suppliers. Recently, both Kodak and Fuji have developed support and promotion programs with the idea of becoming "imaging" suppliers. They mean to provide a broader range of product, including blank audio and video cassettes, and even computer software.

Promos Include Cassettes

Both blank audio and video cassettes advanced at a faster pace in 1990 than did film. And last year saw only the beginning of big efforts by Fuji and Kodak to link those products to their photo supply promotions. Video cassettes advanced about 7.8% in grocery outlets last year, vs. a 1% decline in all outlets. Audio cassettes grew at a 5.2% clip, only slightly behind the general pace of retail growth, which ran at about 6.1%. Audio and video cassettes increasingly will be tied into marketing programs by brand name and cross promotions, which should help them advance faster in supermarkets, relative to other classes of trade.

"I represent consumer imaging products from photographic paper to video tape and batteries," says Briddon. "We're working to find the best way to organize the entire Kodak package. We've really focused on working with our customers to get the whole idea of extending the category management for this area."

According to King of Fuji, branded imaging products offer retailers not only promotional visibility, but the kind of variety consumers are conditioned to expect. By looking at film as a microcosm of the category, supermarkets can get some idea of how the market develops, so to speak, as both operators and their customers become more knowledgeable.

"One shouldn't underestimate the majority of 35mm consumers," says King. "We're offering consumers choice. They're used to choices, even within product groups ... choices of colors, textures and such. There is a relatively high loyalty among film users, especially when it comes to planned purchases. Multiple products address the loyalty issue by offering choice under a brand banner."

But while Kodak and Fuji embrace a wide-ranging brand strategy, Polaroid Corp. (Cambridge, Mass.) has stuck with a single 35mm product: OneFilm. While some observers are doubtful about the product's chances for success in today's evolving photo supply environment, Polaroid is predicting record sales for the product. OneFilm would almost seem set to fit in with yesterday's supermarket photo operations: It is available in 35mm, 110 and 126 cartridges and disc formats. But according to Larry Swensen, Polaroid's senior marketing manager for conventional film, there is still a place for OneFilm in the store.

Idiot-Proof Product

"OneFilm is designed around a self-service strategy," he says. "It's positioned as the film to buy when you don't know what film to buy. There is a lot of growth in photo products where there is a photo finishing counter. But even in that environment, a lot of product sells as self-service. We have a variety of film promotions to encourage self-service sales and promotions that fit in with photo finishing. For example, we can do a promotion where buying a roll of OneFilm gets a shopper $3 off photo finishing. We can tailor our program to the outlet."

Swensen points out that much of the film sold in supermarkets still comes off J-hooks at aisle ends or the checkout. OneFilm is ideal for such situations, because the products are designed for anybody with a camera, thus making them ideal for generating impulse purchases, says Swensen.

While Polaroid may be simplifying film operations, like its competitors it is developing an "imaging" position for its products in general. Under the promotional theme "Nothing Works Like Polaroid's Winning Team of Products," the company has revamped national advertising: devel-

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DIET

■ Diet meals aren't just less filling anymore.

Remember George Jetson's Food-a-Rak-a-Cycle? The futuristic food preparer churned out bacon and eggs, steak and potatoes, even ham and cheese sandwiches, all no bigger than the average aspirin tablet.

Through that miracle of modern science, George, Jane and the rest of the Jetsons could consume whole meals within a matter of seconds. And although today's chief concerns are now health and nutrition, rather than split-second consumption, today's diet foods are similarly geared to modern eating. But thankfully, while calorie-reduced, they still come in portions substantially larger than an aspirin tablet.

Today, diet entrees, meals and desserts pack a wide range of benefits into a small package. As Americans become more concerned with what's in their foods, diet products offer lower calorie content, reduced sodium and cholesterol, and freedom from fat.

"People who had expressed interest in calorie control in the 1980s have broadened their concerns to include health. They're interested in having a balanced nutritional product," says Roz O'Hearn, public affairs manager at Stouffer's Foods Corp. (Solon, Ohio).

"Healthy diet foods are certainly going to be one area of focus for food producers," says Kevin Lang, vice president of operations, engineering, quality and R&D at Entenmann's, the New York-based baked goods maker. "But the products must meet the expectations of the consumer."

Studies from government agencies and organizations like the National Cholesterol Education Program (NCEP) have spurred these trends, advising against the intake of fat and cholesterol, and setting standards for nutritionally balanced diet foods.

All 'Bad' Things Reduced

Diet entrees and meals from the major food producers now match this profile: they're low in calorie content, as much as 94% fat-free, low in sodium, low in cholesterol and high in percentage of recommended daily allowances of protein, vitamins and minerals.

So what separates the major products? In terms of consumer acceptance, it's often marketing and promotion. Last year's bright new superstar, Healthy

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Diet foods by any other name taste sweeter...especially when that name is 'healthy.' So, these days, everybody is repositioning. But for consumers, the real bottom line is still—you guessed it—taste.

Illustration: Debbie Tilly

PRODUCE

■ The produce category's decade-long roll has lost none of its momentum.

According to the 1991 Consumer Expenditures Study, total produce sales increased almost 8% in 1990. This follows on the heels of an 8.8% gain in 1989. Produce also grew as a percent of total store sales. In 1989, produce represented 8.8% of total store sales, while in 1990 it grew to 9.58%, which represents growth of almost 9%.

And happily, the category has suffered none of the margin erosion seen in other once-more-profitable categories such as HBA—it's still returning a healthy 36%.

Sure, the industry has had a few setbacks in recent years, the most notable being the Alar apple scare of 1989. But the communications networks put into place in the past couple of years have served the industry well. Consider the small outbreaks that were contained before turning into blazing issues: salmonella on melons, Aldicarb on bananas, black widow spiders in grapes. "And there were others that never made it to the papers," says George Dunlop, president of the United Fresh Fruit and Vegetable Association (UFFVA). "Our industry has developed and established a communications program with the government that has allowed us to be woven into the fabric of the solution to these problems."

Dunlop says when a pesticide scare, imagined or real, surfaces, the industry is now in the loop in the decision-making process that determines what is to be done. In each case this past year, that process has resulted in quick solutions that put these fires out while still small. "Fear-mongers" have no longer been able to create panic situations that lead to political, rather than scientific, solutions," Dunlop adds. "The fear-mongers are not going to go away, but we are well-equipped to deal with them like we have never been before."

Dunlop sees microbiological pathogens being a much bigger problem in the future than pesticides. Pesticides, in general, do not pose a health risk, he contends. "But I see a very serious problem with regard to microbiological contamination as we deal more and more with cutting and processing of fresh produce."

There was a time when fresh produce was almost exclusively sold with no cutting or processing of any kind. Today, more and more produce is sliced, diced, cut, or shredded and then sold to the public. During each of these

Produce continues as a growth and profit margin star, with new voluntary labeling guidelines expected to prompt further increases. And the industry has gotten better at dealing with health scares.

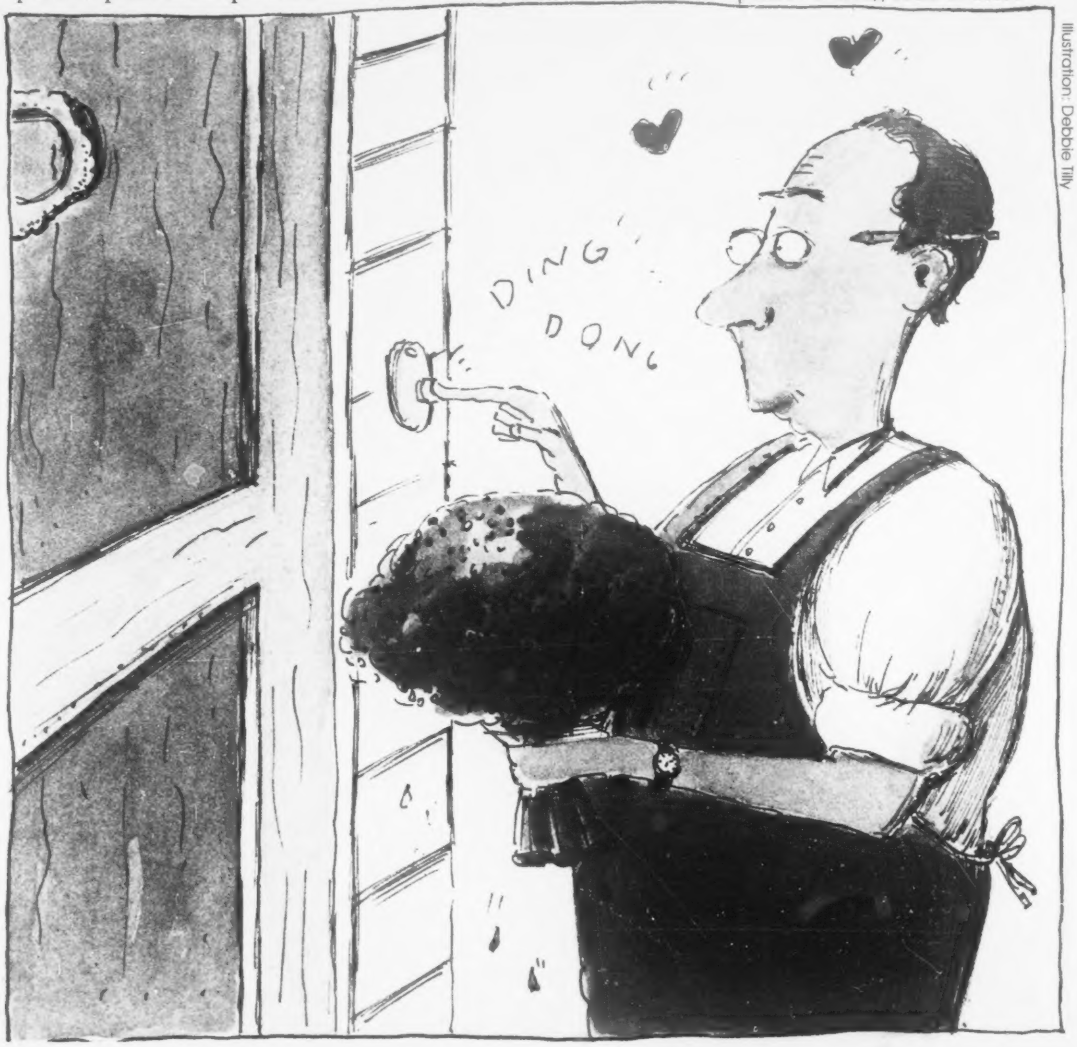

Illustration: Debbie Tilly

operations, pathogens can multiply, contaminate food and cause illness. While washing produce before it is eaten is a cure-all for most of these problems, that is not always being done by the consumer. Hence, problems will arise.

"I see sanitation concerns multiplying and I expect the FDA to get more involved than it has been with the fresh produce industry. But that is where we, as a trade association, are stepping in and helping to teach the industry what it can and can't do."

Even so, Dunlop believes the produce industry will continue to roll forward.

Nancy Tucker, vice-president of resources for the Produce Marketing Association (PMA), agrees. "We foresee a big play (at retail) on nutrition and healthful eating, and that should help the fresh produce industry," she says.

Tucker says two factors—new FDA guidelines on produce labeling and a soon-to-be-released industry promotional effort to double consumption—should result in long-range increases for the fresh produce industry.

Voluntary Compliance Hoped

The new labeling guidelines, expected to be released in their final form on November 8 by the FDA, call for voluntary compliance by retailers over the next 18 months. The program, approved by Congress, calls for the FDA to establish criteria for labeling produce and asks retailers to do voluntary nutritional labeling on the top 20 fruits and top 20 vegetables that are sold in the produce department. The final guidelines are expected to be relatively loose, and would allow signage that might be boiled down to one sign covering all items.

Next summer, the FDA is supposed to do evaluations determining how many stores have instituted voluntary nutritional labeling. Tucker said the FDA will then report its findings to Congress in the spring of 1993. Depending upon the results, Congress will either keep the voluntary program intact or institute a mandatory program. Tucker said it is understood that a store must have at least 90% of the information requested to be considered in compliance. And at least 60% of the stores studied must be in this category to avoid institution of a mandatory program.

The produce industry sees this as a win-win situation. The industry has a great story to tell, and nutritional labeling will help tell that story, Tucker says. By and large, produce is extremely low in all the "bad" ingredients: fat, cholesterol, sodium and calories, and high in the good ingredients: fiber and vitamins.

Growers and shippers are cooperating with retailers to produce the necessary nutritional information, she adds. And in general, the industry hopes the voluntary program works. But if retailers do not voluntarily comply, the produce industry would still reap the benefits from a mandatory program.

However, many produce companies are not waiting for the FDA nor retailers to institute their own nutrition labels.

The Nunes Company (Salinas, Calif.), a major producer of lettuce, has started offering nutritional information on its product. Company spokesman Matt Seeley says the firm started with lettuce because it is the company's largest-volume commodity, but that the program will be expanded in the future. "We have every intention of expanding it to all of our items," Seeley says.

To PMA, which represents retailers as well as other segments of the industry, it appears as if virtually all of the major retailers throughout the country will voluntarily comply with the guidelines, Tucker says: "We are getting calls all the time from people (retailers) looking for the information. Until we get the final guidelines, we have been advising the retailers not to print up their materials, because we do not know what will change. Our sense is that the retailers, especially the larger chains, are eager to participate."

In general, PMA's retailer members are produce and perishables executives rather than CEOs, but she said the produce vice presidents appear to have the complete support of upper management. But Tucker does not have much information on compliance by independents. Yet, their cooperation is critical for the program to remain voluntary: While large chains and independents account for more than 80% of retail sales, independents account for more than 40% of the retail outlets.

The Food Marketing Institute (FMI) and other national retailer associations are expected to make strong pitches to their members for compliance once the final guidelines are released.

A national promotion program is also expected to have a positive effect on produce sales. Patterned after a three-year Health Services program in California called "5 A Day for Better Health", the national program of the same name with the same logo is being funded by the produce industry. Executive Director Brian Krieg, who also ran the California program, said the national program will be unveiled in late October.

These pesticide scares did serve to put the industry on notice that consumers don't want excess chemicals on their fruits and veggies.

The goal is to get Americans to eat five servings a day of fruits and vegetables. This figure has been endorsed by numerous health organizations including the National Cancer Institute. NCI, in fact, is an integral part of the national program. Krieg said NCI will be using its already-established communications network to get the word out that one of the best ways to improve one's chances for a healthy life is to consume more fruits and vegetables.

Many times over the years, the produce industry has looked at instituting some kind of national promotional program, but the independent nature of growers, shippers and, in later years, commodity groups, has stood in the way of such a joint effort. The industry has reasoned that if Coca Cola, McDonald's and Hostess Twinkies can create a market for their products, why can't the produce industry do likewise? Lack of money, of course, has been the answer.

The produce industry has raised about $400,000 so far; Krieg said the goal is to raise about $1 million a year for at least the next five years. Most of this money will be used for public relations and promotional materials.

In addition, retailers throughout the country will be encouraged to redirect advertising and promotional funds to push the "5 a Day" concept. Fundraising is expected to be easier for this kind of program because there are so many different avenues of support: Tying in with NCI and stressing the health aspect of produce, Krieg said, opens up the possibility of grant money from various sources, including allied industries such as box manufacturers, who will benefit from any produce sales increase.

Another factor that should help increase consumption, according to UFFVA's Dunlop, is the continuing proliferation of produce items. Less than 20 years ago, the well-stocked produce department carried only 100 items or so. Today, the produce department has as many as 400 items, or even more if you count the various sizes, varieties and packs offered. There also appears to be no let-up in the number of new items being developed. "While we can't change our product as quickly as, say, Kellogg's can change packaging, we can come close," said Dunlop. "If the consumer wants lettuce that is a little redder, give us a couple of years and we can do it."

Dunlop said the increases in produce products and the continuing strong performance of produce profits may leave the retailer with a dilemma. "We hear that the 50,000 sq. ft. store may be a large store in the future as everyone is downscaling. If that is the case, I don't know how they can cut the produce department. How can you cut the size of the department? Shrink produce, you'll shrink sales. Increase produce, you'll increase sales."

Supermarket executives considering downsizing ought to look in areas of the store other than produce, Dunlop contends.

One category that has yet to establish a niche in most mainstream supermarkets is organic produce. "I think it has to be marketed like a specialty item," said Anne Day of

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SNACK FOODS

■ When the economy goes sour, Americans entertain at home, snack foods executives say. And that's a huge boost for the snack industry.

That may be why, in 1990, suppliers and supermarket operators alike notched healthy sales gains, and snack makers continued to roll a bevy of new products and line extensions onto retail shelves.

Dollar sales of snack items in 1990 were $9.87 billion, a healthy 5.4% increase over 1989, according to the 44th Annual Consumer Expenditures Study. Pound volume increased 3.5%, to an estimated 4.72 billion, according to the Alexandria, Va.-based Snack Food Association (SFA).

New products last year were clearly targeted to generate new sales dollars, rather than transferring them from existing lines. And to a large degree, they were successful.

Goal: 'New' New Products

"Our mandate from supermarket operators is to grow categories, not just trade dollars," says Kevin Bowler, president of Eagle Snacks. "Simply trading dollars doesn't help the retailer, who is, after all, the key to our reaching consumers. If they can't see our products, they can't buy them."

Adds Keebler spokesman Stu Greenblat, "There is tons of competition for position on supermarket shelves, so we've got to make a real difference for retailers."

"The whole snack category is exploding now," says Stephen R. Barlow of Barlow Foods (Rochester, Minn.). "The new items are all working to build sales. I like items that are new and creative, rather than just a line extension. We're skeptical of manufacturers and their new items. But they do seem to be justifying their space, and the new items seem to be working."

"Business in snacks has been very good for us," says Garry Allen, general manager for Herb's Foods in Lawton, Okla. "But we feel like they've got to keep trying new items. We've had great luck with tortilla chips in large bags."

"We're looking for more than line extensions," says Jackie Minor of Scolari's Warehouse Markets Inc. in Sparks, Nev. "People are looking for something new, rather than a different size of the same old thing."

Price was also an important selling point in 1990, a year

In a recession, a night out for many Americans means a night in, with a rented movie and a bag of store-bought snacks. The snack industry took advantage of this situation by creating profit-boosting new products.

POP CORN
PRETZEL
COOKIES
PEANUTS
CHIPS

Illustration: Steve Sweny

that saw a sharp increase in the number of snack companies employing price reductions and coupons. Promotions tied to holidays such as July 4th, Labor Day, and New Year's Day were termed successful.

Indeed, snacks proved to be not only inexpensive "entertainment" in a recession, but among the best values on supermarket shelves. The 5.8% dollar sales increase was substantially less than the 8.0% recorded the year before, even though pound volume was about the same (3.5% in 1990 versus 3.8% in 1989).

Potato chips, the perennial power hitter of the snack segment, racked up retail dollar sales gains of 5.1%, to $4.2 billion. Pound volume rose 3.6%, to 1.5 billion.

Regular potato chips accounted for 49.4% of all potato chip sales, followed by ridged, with 29.95; fabricated, 13.9%; and kettle-cooked, 6.8%. Per capita potato chip consumption last year was 6.18 lbs., valued at $16.75 in retail sales.

Tortilla Chips Lead in Growth

Tortilla chips appeared to be the hottest growth snack, notching retail dollar sales of $1.48 billion, a 6.6% increase over 1989. Pound volume jumped 6.2%, to 968.3 million.

During the year, Frito-Lay (whose Doritos tortilla chip was the number-one-selling snack in the U.S., with $1.2 billion in retail sales dollars) launched a major line extension with its new Jumpin' Jack Cheese Doritos brand tortilla chips. Several other companies, including Eagle, Borden, G.F. Industries, Utz Quality Foods, Bachman and Wyandot, also rolled out tortilla chip products.

Snack nuts were the third-best-selling snack, garnering $1.6 billion in sales. But unlike the category leaders, snack nuts declined; they were down 3.2% over 1989. Pound volume dropped 4.3%, to 403.5 million.

Popcorn sales were $1.5 billion, a 11.9% increase (with pound volume up .5%, to 644.6 million). Making up the popcorn sector were ready-to-eat ($428.1 million in sales, up 16.2%); microwavable ($898.3 million in sales, up 9.3%); and unpopped ($157.5 million in sales, down 15%).

Pretzel sales jumped 12.1% last year, to $408.2 million. Pound volume rose 5.7%, to 350 million. Thins were the most popular variety, followed by twists, hard, sour dough, Bavarian, and minis.

In 1990, snack companies continued to wrestle with the public's reported concern for nutrition. For snack manufacturers especially, the issue is a perplexing one, as what consumers say often seems to have little relation to what they do.

According to the Food Marketing Institute's "Trends '91" survey, consumers are still concerned about eating too much fat, oil, salt and cholesterol ... but not quite as concerned as they were a year ago:

•25% of consumers say they are eating less fats and oils (down from 27% in 1990);

•10% are eating less salt (down from 15% in 1990);

•12% are eating foods that are lower in cholesterol (down from 15% the year before); and

•7% are eating fewer fried foods (down from 14% in 1990).

Faced with this kind of mixed message, snack companies tried to respond, rolling out a multitude of products that are low in fat, cholesterol, calories, and sodium. Yet, says Jack Corriere, SFA chairman and vice president/general manager of Utz Quality Foods Inc., he remains skeptical about Americans' devotion to nutrition, despite the survey's findings ... or perhaps because of them. Anyway, he says, the bottom line is not what people say, but what they do.

"We don't see the acceptance in the 'health-conscious' area yet," he says. "Customers are saying they want it, but they're not buying it. As is so often the case, I think people still come back and buy what tastes good."

Busy Year for Snack-Makers

Among the top five snack companies, new product introductions continued apace, as each worked both to enlarge the market-share pie and to carve out a bigger piece of it.

•Industry leader Frito-Lay Inc. (Dallas) notched 1990 retail sales of almost $5 billion, or roughly 40% of the U.S. snack market. It did so in part, according to spokesperson Stacy Ware, by completing its national roll-out of its three "light" products—Ruffles Light potato chips, Doritos Light tortilla chips, and Cheetos Light cheese puffs. Frito-Lay also introduced Jumpin' Jack Cheese Doritos tortilla chips, a line extension.

Snack companies have continued to wrestle with the public's reported concern for nutrition. For snack manufacturers especially, the issue is a perplexing one.

Crunch Tators, the company's entry in the kettle-cooked potato chip market, was expanded from selected test markets to a full 80% of the U.S. Frito-Lay also completed its test of Sun Chips, a multi-grain snack targeted at health-conscious consumers and available in both original and French Onion flavors.

•The performance of Borden Snacks and International Consumer Products Division (Columbus, Ohio) benefitted from two acquisitions: Moore's Quality Snack Foods (Bristol, Va.) and Quinlan Pretzel Co. (Denver, Penn.)

Quinlan joined Borden's Wise Foods division, which operated in its Eastern Region. Sales were bolstered by the introduction of Krunchers potato chips in New England, the Mid-Atlantic states and the New York City metropolitan area.

Borden also recently introduced a snack line under the Borden brand name for the first time, says Peter Duggan, Borden's group vice president-east. Cholesterol-free Borden Ridged Potato Chips is being rolled out in Texas, where the company enjoys what Duggan calls "strong recognition with an impactful name."

•Eagle Snacks Inc., a division of St. Louis-based Anheuser-Busch Companies, grew more than 20% last year, according to division president Bowler. Famed Odd Couple partners Tony Randall and Jack Klugman continued to help promote its Nacho Cheese and Ranch tortilla chips in ads. The company also worked to boost its volume by adding White Cheddar popcorn and Cape Cod Light popcorn; and by rolling Eagle Fancy Virginia Peanuts and Eagle Lightly Salted Mixed Nuts across the country.

•Elmhurst, Ill.-based Keebler Co. rounded out its pack line by lauching Keebler Pop Deluxe popcorn in two flavors: White Cheddar and Honey Caramel Glazed. Other new items were Hooplas!, a tube-shaped corn chip; Munch'ems, a baked snack in original, cheddar, and sour cream and onion flavors; and Pizzarias, in zesty pepperoni pizza supreme, and cheese flavors.

•Procter & Gamble Co. (Cincinnati) continued to build the Fisher Nut brand it purchased in 1989. In addition, two new flavors—popcorn and cheese—have been added to its Pringles line of potato chip snacks.

Consumers: Nuts for This?

Another major snack foods company, Planters LifeSavers Co. (a division of Winston-Salem–based RJR Nabisco), rolled out three varieties of Select Mix Nuts, a premium-priced product developed after what was reported to be exhaustive consumer research. Each variety includes cashews with either almonds and pecans, pecans and peanuts, or almonds and peanuts. Planters also introduced a new vacuum pack for fresh-roast peanuts, and a series of multi-packs called Munch 'n Go.

Supermarket operators and snack manufacturers alike think the year ahead will produce equal or even better growth, no matter what the economy holds in store. "Snacking in general will continue to grow because of our lifestyle," says SFA chairman Corriere. "And retailers like them because they generate a lot of turn for them at a high percentage income. So I see nothing but continued growth." —HOWARD RIELL

SOFT DRINKS

■ The soft drink business may very well be growing up.

If you don't believe it, go check some supermarket soft drink aisles. Look at the proportion of diet products to sugared. Then take into account bottled water, adult juices, juice based products--seriously juice based, nothing that would make the FDA mad--bottled waters, powdered drinks, "gourmet" and sports beverages.

Or, just look at the numbers. In 1990, diet soft drinks and bottled water constituted 25% of all soft drink sales. And once again in the soft drink category, gains in the diet segment outstripped those in the sugared. According to the 1991 Consumer Expenditures Study, sales of diet soft drinks in bottles grew by 3.5% as opposed to 1.8% growth for sugared products. Sales of diet soft drinks sold in cans increased 12.6% versus 11.5% for sugared. And, it might also be noted, bottled water sales advanced 15.6%.

It should be noted that those numbers don't include the low-calorie powdered drinks, herbal and iced teas, gourmet and iced coffees, juices and some other alternative drinks many people have started purchasing over the last decade or so. And the proportion of adult-oriented beverages is growing.

Today, Tap Often Spurned

Today, people are out buying what they drink, rather than getting most of it from the tap. And fewer are looking for a sugar-laden treat. People are looking for something more out of their soft drinks than they used to, much as they're looking for more from the food that they eat and the supermarket they shop.

Does that mean Coke and Pepsi are going to fade from the scene? Au contraire--Coke and Pepsi are battling harder than ever, both to win the loyalty of young, emerging soft-drink consumers, and to keep the loyalty of their older counterparts.

But will emerging maturity change the soft drink market? It already has.

Thus far, Coke, Pepsi and other traditional soft drink producers have answered the demand for adult-oriented products through a line-extension strategy. Their efforts have been two-fold: adding diet versions of branded products; and developing nascent

Colas are still going strong. But with more beverages targeting an older population, the definition of what constitutes a soft drink is changing.

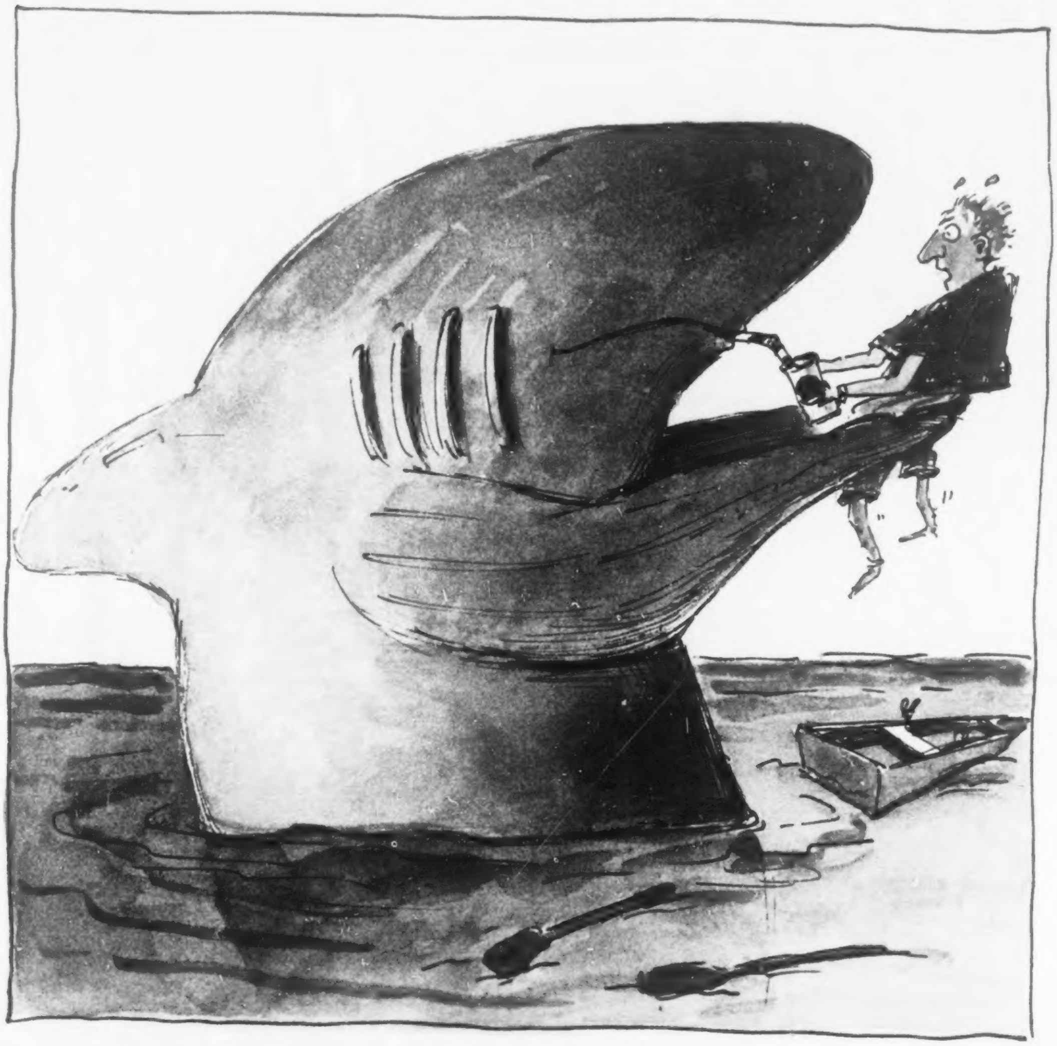

Illustration: Debbie Tilly

SOFT DRINKS

product lines around a new product designed for mature sensibilities, such as juice-added soft drinks.

While no major new product introduction will emerge from Pepsi soon, the company is exploring opportunities, many in the adult-oriented beverage segment. Pepsi is testing a sports drink as well as the Wild Bunch, its trademark cola product mixed with flavors including strawberry and tropical fruit.

Started By 'Niche' Suppliers

Sometimes, these are products created by smaller companies.

"These new kinds of beverages affect the soft drink business many ways," says Gary Gerdemann, manager of public relations for Pepsi (Purchase, N.Y.). "One way is that they introduce fresh ideas that will be exploited by bigger companies. We pioneered the juice-added category with Slice. But it makes sense for big companies to let smaller companies pioneer many niches. Companies like Coke and Pepsi are best at getting products ready for supermarkets, and getting them on the shelves and selling."

And Coke and Pepsi have turned to a big schedule of promotions, too. To romance consumers during the prime May-to-September months, they've launched the Pepsi Summer Chill Out and Coca-Cola Pop Music. Word has it that the CDs Coke provided as premiums in the Pop Music program performed a lot better than Pepsi's Magic Cans.

But, Pepsi is taking advantage of its presence in another supermarket aisle--snack food--to build a national cross-promotion program the company hopes will have frightfully good results.

"Late in September, we'll launch a program called 'Monster Match' which will include creature likenesses of Frankenstein and other creatures of the night licensed from Universal Studios," says Gary Gerdemann. "It's the first time we've teamed up with Frito Lay to do a national cross-promotion. Consumers will find game pieces in Pepsi multipacks and in Doritos as part of a sweepstakes deal."

According to spokesperson Robert Bertini, key promotions from The Coca Cola Company (Atlanta) will be based on its core Coke products, but include all major brands.

"We want to emphasize our total line with integrated multibrand promotion," Bertini says. "That's what we did with our Pop Music campaign. It's the first time a consumer product company put a CD into a multipack. We consider innovation a hallmark of The Coca Cola Company."

For both Coke and Pepsi, another hallmark of future promotions will probably be record spending levels. For they've probably reached the point of diminishing returns from line extensions of their key name brands. And over are the days of double-digit increases in soft drink consumption. In the foreseeable future, winning new customers is going to require even harder fought--and more expensive--marketing.

According to Louis Denrich, president of Valu Food, Inc. (Baltimore), line extension strategies actually may be hurting soft drink makers today and helping new kinds of products gain acceptance.

"Line extensions eventually tell consumers that something is wrong with the products," he says. "Soft drink companies are really hurting this year from what I've seen. But we're selling a tremendous amount of bottled water. We've doubled our water space to eight feet from four, and it's approaching 12 with what we're adding. We're even promoting water a lot, which we never did before. Everyone has gotten away from soda because of chemicals, sugar, calories."

"The brutal reality is that now we're seeing 3- and 5% soft drink consumption rate increases, when we enjoyed 10%, even 20% growth rates in the 1980s," Pepsi's Gerdemann says. "We have to look hard at ways to get a bigger piece of the existing pie. One way to do that is to promote product excitement about existing products as we do in our Right One ads and with the Pepsi Summer Chill Out."

Coca Cola, for its part, says it will target areas where the company detects potential, in addition to continued promotion of its core brands. "We'll continue to leverage our core brands while increasing the support we give our second-tier brands," Bertini says.

A fair amount of marketing monies will be spent within regions where opportunity exists to "switch-pitch" consumers. "We're doing regional advertising with Sprite in 10 markets where 7-Up does well," Bertini says. "We're doing a NASCAR racing sponsorship with Mello Yello. Racing has a strong following in the Southeast where Mello Yello is competing directly against Mountain Dew. We think long-term growth is there for the soft drink business because there are regions with lower soft drink consumption. There are also ethnic populations that tend to drink more soft drinks. We can also target these to win share."

Perhaps line extensions of big brands have reached the point of diminishing returns ... prompting a new level of promotion spending.

With Coke and Pepsi hammering away as aggressively as ever at the market--if not, for the moment, at each other--what is the number three soft drink producer to do? According to Jim Ball, vice president of corporate communications at Dr Pepper 7-Up Co., Inc. (Dallas), the answer is: Adapt.

"Our 'priority-brand' strategy presents our products to Coke and Pepsi bottlers--who are also our bottlers--as a way to augment their total flavor line," Ball says. "As long as one-third of the main soft drink business is going to remain non-cola, we can offer them products in areas where we have leadership positions--lemon-lime and the Dr Pepper category."

Ball points out that while other products targeting adult consumers with health and nutritional positions are coming into the market, most people who try alternative beverages are really only after--as usual-- variety. He contends that offering variety is one way for supermarkets to keep their traditional beverage business strong while the alternative products sort themselves out in the marketplace.

"We've had phenomenal success all year with diet Dr Pepper, a relatively new product with its own position," says Ball. "Products like ours can enhance soft drink sales."

As for Coke and Pepsi they're not only looking to improve their position among consumers, but with their supermarket customers as well.

"A key business plank for us in the 90s is to make it easier for retailers to do business with Coca Cola," says Bertini. "That means we've trained people to deal with customers more effectively. Improving the way we deal with our key supermarket customers is important."

For its part, Pepsi aims to concentrate on selling its own products better. "It's still a volume game," says Gerdemann. "The big products are still going to be the ones that pull in sales. We're trying to tailor our programs to individual store needs and to look both at large and small stores. Some accounts can't sell a thousand-case display and we don't want to shove that kind of thing down their throats any more. Success in the future for the larger companies is going to be a function of how we take care of stores and give them what they need."

New Drink Classes Emerge

But a changing market has created a new pool of dollars that probably won't be available to Coke, Pepsi and 7-Up.

Those dollars are being pursued by companies such as Snapple Natural Beverages (Valley Stream, N.Y.); Nora Beverages U.S.A. (Stamford, Conn.); Artesia Waters, Inc. (San Antonio, Texas); Ocean Spray (Lakeville, Mass.) and the Gatorade division of The Quaker Oats Company (Chicago).

According to Carl Gilman, vice president of sales and marketing for Snapple, addressing concerns of older, more-aware and more-demanding consumers can quickly create a cachet for a beverage.

"Our niche, really, is people who care what they ingest," he says. "Our audience is skewed to the older and higher educated. Our slogan is: Made from the Best Stuff on Earth. Everything is natural and that's on the label. Our teas are fresh brewed and our lemonade is

Continued on page 196

TOBACCO

■ Anti-tobacco pressures continue to affect the domestic cigarette market. But lately, it has been consumer price resistance that has most strongly shaped cigarette retailing.

In response to that price resistance, more "value" brands were introduced. And the major tobacco companies worked harder than ever developing merchandising and marketing programs to help retailers move more cigarettes through their registers.

But with tobacco under increasing pressure, not enough supermarkets are taking the more aggressive merchandising approach needed to prevent losing, to convenience stores and mass merchants, part of what is now almost $12 billion in relatively high-profit supermarket sales.

That's the contention of at least one senior tobacco company executive. "Supermarkets haven't been pro-active in the category—they've been defensive," he laments. "They're not merchandising—or promotion-driven, and they're losing share to those trade classes that are.

"Instead of focusing on merchandising, they're focused on pilferage and shrinkage. Supermarket operators are very timid in the category."

Except, that is, where they should be exercising a bit more restraint, considering today's market conditions: "Where supermarkets are aggressive is in pricing ... so much so that they're no longer competitive," this executive asserts.

By contrast, he says, convenience stores and mass retailers have been aggressively discounting cigarettes. And they're going beyond couponing and cents-off manufacturers' deals to offering multi-pack deals of their own. Several major convenience store chains, for example, have boldly advertised cigarettes at state minimum prices, where such fair trade laws exist.

Supermarkets, this executive charges, have been slow to respond.

More Focus, Effort Needed?

Adds another senior executive, "Supermarkets are just not paying attention as they should. They're still a big part of the business, and they're very important. We still offer a lot of programs for that class, but it's convenience stores that

Faced with a fixed market 'pie,' tobacco manufacturers are slicing it thinner and thinner. So fast has proliferation occurred that, today, no one really knows how many different packs there are ... but everyone agrees it's well above last year's 420. The question is, where will we put them all?

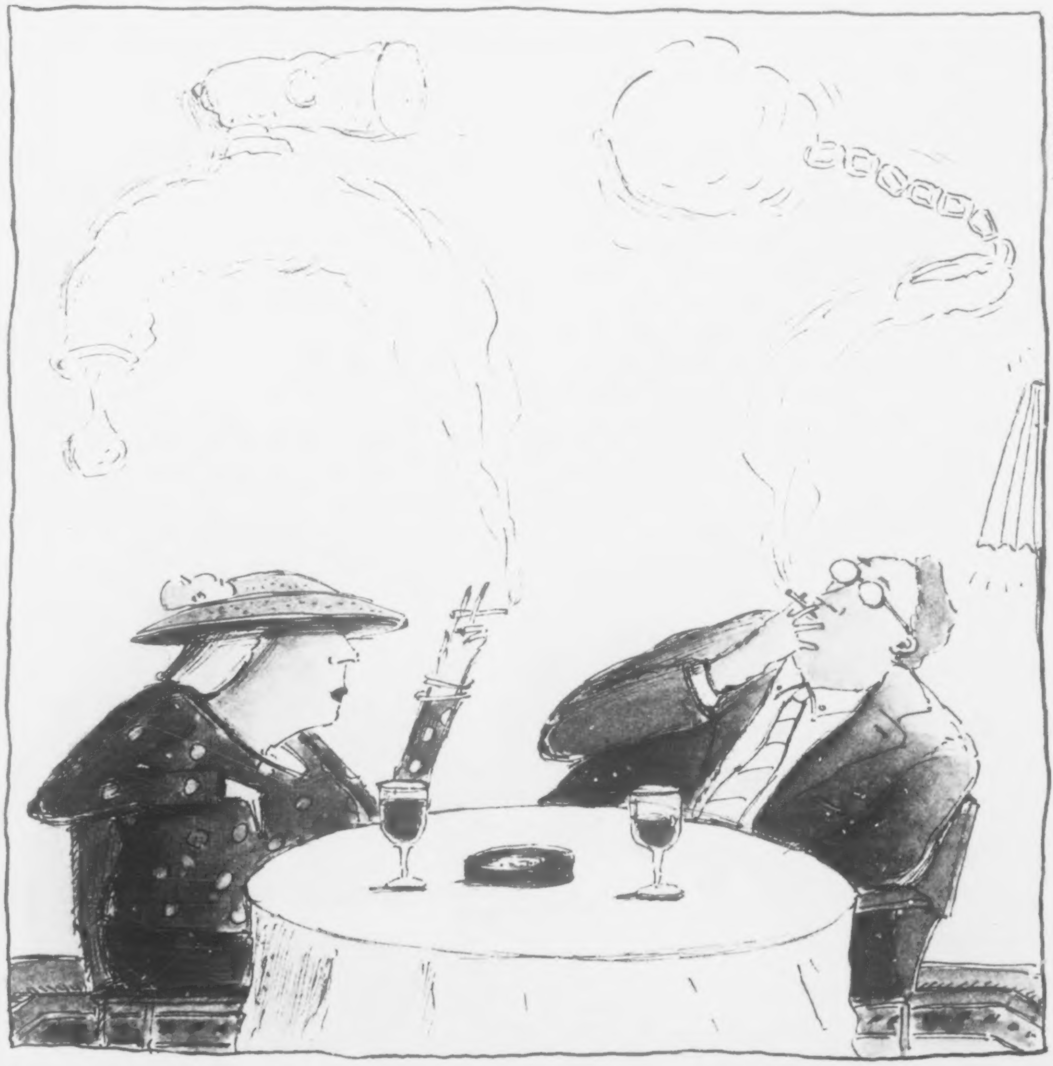

Illustration: Debbie Tilly

have been increasing their share of our business, and supermarkets have been losing some of it."

The counter-pressures in the business have been formidable, to be sure. As in past years, the domestic cigarette industry continues to experience unit declines averaging about 2.5% annually. Only because of regular semiannual price increases have overall dollar sales continued to rise.

And while product liability lawsuit action has significantly abated from several years ago, important social and legislative pressures continue. There are, for example, an increasing number of proposals to ban workplace smoking.

Moreover, cigarettes remain a tempting target for taxation by financially-strapped states and cities.

Faced with these pressures and boxed in by stiffening consumer price resistance, the tobacco companies have turned more and more frequently to new brands and brand extensions to generate excitement and capture consumer attention.

How Many? You Guess

Indeed, cigarette brands have been springing up so fast that today, it seems, no one even has a precise figure for the number of packings on the market. It is, however, generally conceded to be considerably higher than last year's estimate of 420 styles.

Of course, the tobacco companies' proliferation solution to their growth problem has created its own new set of problems for retailers at shelf-point. As brands and styles continue to multiply, merchandising of the category becomes proportionately more difficult.

Manufacturers recognize the problem, but say they have little choice ... and once again stress the need for more attention to this high-profit category at store level. Within the store, they point out, cigarette carton and pack merchandisers have one of the smallest "footprints" in the store. And while occupying the least amount of space, they consistently produce sales that put cigarettes in the top 10 product categories.

Yet many supermarket companies, they say, still can't seem to keep their cigarette merchandisers and display fixtures properly stocked and maintained.

Bigger Space Puzzle

To be sure, the task of stocking a cigarette fixture with what the neighborhood wants has become more and more complex as brand styles have proliferated ... and more effort is required to stay current, with market shifts happening faster.

Perhaps due to consumer 'sticker shock'at the price of a carton today, supermarkets are seeing a shift from carton cigarette sales to pack sales.

Recently, those market shifts have been further segmenting the "price-value" classification of cigarette products. Value-oriented cigarettes currently represent more than 16% of the total market; at their current rate of growth, they'll pass the 24% mark by year end, according to John Maxwell, a tobacco industry analyst for Wheat First Securities (Richmond, Va.).

"They are, by far, the fastest-growing segment of the industry," he observes. "And that's likely to continue, as more brands are introduced and others are repositioned."

Currently, the price-value segment includes branded generics, sub-generics, and the so-called "black-and-white" generics. The price differential at cost from full-priced brands ranges from $1.58 per carton to $5.23 per carton, according to Maxwell, who suggests that yet another price level may soon emerge.

Among the leading price-value brands are:

In "branded generics," Philip Morris's Alpine, Cambridge and Bucks; American Tobacco's American Lights; RJR's Doral; and Brown & Williamson's Richland 20s, Viceroy and Belair.

In sub-generics, Philip Morris's Bristol; American's Misty Slims; Liggett & Myers's Pyramid; Brown & Williamson's Raleigh Extra; and RJR's Magna and Sterling.

In generics, there are items from Philip Morris, Liggett & Myers and Brown & Williamson.

Additionally, there are several brands—American's Malibu and Lorillard's Kent, for example—that can be said to fall into the price-value category, based on the high frequency of couponing and price promotion of these brands.

Training Loyalty Out?

However well these price-value and proliferation approaches work in the short term to keep the cigarette plants operating at an efficient production rate, what will be the eventual result? Wittingly or unwittingly, lately the tobacco industry has been finding plenty of ways to teach consumers that the brand to which they're presently loyal is not as good as its own New! Improved! Fresher! Lower Tar! Higher Flavor! line extension ... or someone else's.

Consumers still exhibit a relatively high degree of brand loyalty when it comes to cigarettes. But for how long? Consumers used to be loyal to Tide, too, until manufacturer dealing and the deal-only warehouse store taught them that which detergent they used really didn't matter.

Yet, such long-range questions are overshadowed by the immediate black-and-white problem of this quarter's earnings statement and share figures. Hence, among the cigarette companies there can be no cease-fire in the continuing battle for market share. And so fierce has competition been that, in today's mature market, even companies that have gained share have seen their leading megabrands erode, losing share to the increasingly powerful value-oriented cigarette.

For the 12 months ending in June, Philip Morris still dominated the market with an overall 42.9% share, an increase of 0.2% from a year earlier, according to Maxwell. But while the company increased its overall share, Philip Morris's Marlboro—its leading brand and the nation's—dropped a full share point to 25.8% during the period. (Philip Morris's own estimates show an apparent recovery during the second quarter to levels consistent with the same period a year earlier.)

Further buttressing the Marlboro franchise has been a national launch beginning in June of Marlboro Medium, a cork-tipped lower-tar entry. Marlboro Medium has been supported by extensive placements, as well as print and outdoor advertising, according to Steve Bloom, vice president-corporate accounts.

Among its other brands, Philip Morris is currently testing Cambridge Lowest, a branded low-tar in the price-value segment that has been showing significant growth—so much so that it has become one of the top 10 brands. The company is also relaunching Commanders as a non-filter; and is introducing a line extension of Bristol, another strong growth entry.

In the meantime, Benson & Hedges, another Philip Morris top 10 brand, has been repositioned by means of advertising and packaging changes, according to Bloom.

Still, Discounts Needed

But these days, it seems, new brands and creative new line extensions are not enough: even the market leader has been forced to respond on price: Philip Morris's discount brand activity has increased by more than 60% during the past year, according to Hamish Maxwell, chairman and CEO.

Bloom predicts that brands will proliferate and price pressures will persist as the tobacco companies continue to fight for greater market share.

At Philip Morris, the heavy guns are pointed at R. J. Reynolds Tobacco Company, whose market share rose to 28.6% during the 12 months ending in June.

RJR scored significant gains particularly with its Doral price-value brand; and with Camel, which has been the object of a major repositioning effort, supported by extensive advertising and promotion. Both brands are among the top 10 in the tobacco category.

Doral's share has grown more than 14% during the year, to 4.5% of the market. Doral was among the first "branded generics," and still leads that category.

Camel's repositioning has been so aggressive that it has amounted to a virtual relaunch

TOBACCO

of the brand. The company took its well-known icon—Old Joe, the Camel—and updated his persona with artwork and copy that portrays a new "Smooth Character." "New Joe" now appears on everything from billboards to T-shirts.

The strategy seems to be working—Camel's share has grown to 4.2% of the market, according to Maxwell's report.

But there's even bigger news at RJR—a new outerwrap for its flagship brand, Winston. The outerwrap is said to dramatically increase freshness. Trademarked "Flavorseal" with patent pending, the wrap reportedly retains cigarette moisture—a key component of tobacco freshness and flavor—10 times more effectively than conventional cigarette outerwraps. And as an air barrier, "Flavorseal" is 1,000 times more effective, RJR says, claiming it prevents air and other aromas from entering the pack.

The new technology was actually developed for the food industry. It consists of ultra-thin polyester with a microscopic layer of aluminum. It's printed, and then heat-sealed. RJR adapted the proprietary technology for its packaging operations.

The new wrap, the company claims, will keep Winstons fresher four times longer than regular cellophane outerwraps.

New Selling Point: 'Fresh'

But a new outerwrap isn't the first step RJR has taken in the direction of greater freshness—reportedly, internal changes have improved freshness, too.

Notes Yancy Ford, Jr., executive vice president of sales, "Because of changes in our inventory practices in the last two years, RJR brands are, on average, about one month fresher than competing brands."

From now on, the "freshness" issue will play a more dominant role in RJR's advertising for all its brands, especially for the Flavorseal-Winston entry, according to the company. The Flavorseal is also considered an important step in Winston's new positioning, which began in 1989 with a repackaging. "Flavorsealed" Winstons rolled national in August.

Lorillard's share of market also improved during the most recent 12 months ending in June, increasing to 7.8%, according to the Maxwell study. That's been due in large part to the strength of Newport, the company's leading brand and the fourth largest industry brand. Newport showed growth of nearly 12% in the past year, increasing its market share to 5%.

> **'Supermarkets are not aggressive in merchandising, but they *are* aggressive in pricing—so much so that they're no longer competitive with other classes of trade.'**

At least in part, the increase is due to additional packings introduced for Newport over the past two years, including the addition of Newport Stripes.

Still, perhaps precipitated by recession's real or imagined impact, the highest level of activity this year seems to be taking place at the lower end of the market.

"Most of the action is taking place in the reduced-price segment, and within that segment the greatest activity is in subgenerics," observes Richard Orcutt, senior vice president-sales for Lorillard.

Finer 'Micromarketing'

But Lorillard has also been placing more emphasis on "micromarketing," by even more finely delineated demographic definitions than already in common use through the industry, he says. The thrust will also involve tying particular brands to particular kinds of retail outlets, he adds.

What's more, these efforts will be over and above ongoing efforts to market brands to particular geographic groups.

Lorillard has also become very aggressive in promoting its brands through a variety of added-value vehicles and updated packaging. Kent is a recent case in point. Supporting the brand's bold new look in packaging, Lorillard offered frequent promotions, such as dated coupons worth $2 per carton.

Recently, in a test in Kentucky, the company also dropped the price of Old Gold Filters. The test has now been expanded to Montana, Orcutt said. Lorillard also splits such tests, marketing a brand at a promotion price in one city and at full price in another across the country. In that way, Lorillard can better assess the brand's performance at various price points.

In general, Orcutt notes, the industry will be experimenting with more—and more-sophisticated—marketing approaches as new brands emerge or are repositioned. While most brands will be in national distribution, the key, he said, will be to "go to our strengths."

Beyond its brand strength and support, tobacco companies including Philip Morris are well-known for their aggressive retail merchandising programs and assistance ... now needed more than ever as the market changes.

Pack Sales Up, Cartons Off

Perhaps due to consumer "sticker shock" at the price of a cigarette carton today, supermarkets are seeing a shift from carton sales to pack sales.

Some, at least, are responding ... with new centrally located pack fixtures, for one thing. Centralized pack fixtures reduce shrink worries; they're positioned where they're easily seen and monitored.

"Supermarkets are awakening to the need to be in the package business, and are starting to become more aggressive in their merchandising of packages, especially with the use of centralized pack fixtures," Philip Morris's Bloom notes. "Those had not existed in many supermarkets before.

"Now, they've come to the realization that there are greater margins in package sales than in cartons, anyway." —BRENT FELGNER

12-Month Moving Average for the Top 10 Cigarette Brands for Period Ending June 1991

Market Share by Brand	1990	1991	% Change in Actual Unit Volume
Marlboro (PM)	26.8%	25.8%	(3.3)%
Winston (RJR)	6.8	8.1	(8.0)
Salem (RJR)	6.0	5.8	(3.4)
Newport (Lorillard)	4.5	5.0	11.7
Kool (B&W)	5.8	4.5	(21.2)
Doral (RJR)	3.9	4.5	14.1
Camel (RJR)	4.0	4.2	4.5
Benson & Hedges (PM)	3.8	3.4	(12.4)
Merit (PM)	3.8	3.3	(11.9)
Cambridge (PM)	3.2	2.9	(9.4)

Source: The Maxwell Report, John Maxwell, Wheat First Securities, Richmond Virginia, 1991.

12-Month Moving Share by Company for Periods Ending in June

Market Share by Company	1987	1988	1989	1990	1991	% Change in Market ('90-'91)
Philip Morris	37.4%	38.7%	40.1%	42.7%	42.9%	0.2%
RJR	32.7	31.8	31.2	28.5	28.6	0.1
Brown & Williamson	11.2	11.2	10.7	11.2	10.2	(1.0)
Lorillard	8.0	8.1	8.2	7.4	7.8	0.4
American	7.0	7.0	6.9	6.8	7.0	0.2
Liggett	3.7	3.2	2.9	3.4	3.5	0.1

Source: The Maxwell Report, John Maxwell, Wheat First Securities, Richmond Virginia, 1987, 1988, 1989, 1990, 1991.

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PHOTO SUPPLIES

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oped a new camera pricing strategy; and launched its first all-brands promotion featuring a variety of products including conventional and instant films and video cassettes.

One-Use Cameras Still Hot

Yet even if photo suppliers are becoming increasingly sophisticated in how they sell their products, a pretty basic piece of equipment—the single-use camera—is still the "hot" topic if the topic is sales growth.

Single-use cameras continue to enjoy phenomenal growth, according to both Kodak and Fuji. (It's a "no-no" to call them "disposables," because that provokes the ire of environmentalists; and because in fact the cameras aren't thrown away: they are recycled and put back on the market.)

In response, both companies have expanded their lines beyond the simple view-finder cameras, designed basically for outdoor snapshot use, to include flash-equipped, waterproof and "panoramic" cameras with wider focal fields, suitable for shooting scenery.

"This category is growing really fast," says King. Fuji pioneered single-use cameras in the U.S. "We now have five Quick Snap models to address different consumer needs. And the growth line is almost vertical. The product generates positive word of mouth because people have an expectation level that makes them think: I'll get an okay print. But they get back high-quality 35mm photographs. Awareness is growing. Half the sales of single-use cameras are impulse, so it's a great item for a checkout or an endcap."

Single-use cameras can have a multiplier effect throughout the photo supply operation.

"The nice thing is that you realize incremental exposures with single-use cameras, which means you'll realize more photo finishing, more traffic, more profit and increased turns," King says. "It's a category that supermarkets really need to make a home for, not something that should be stuck on the bottom row of some planogram."

Despite continued strong growth for Kodak's Fun Saver single-use camera, Briddon cautions: "The food distribution channel has been slower to pick this one up. There is resistance in some supermarkets to selling cameras. We're trying to sell them as 'film with a lens.' We're going to introduce new racks later this year to better clarify for consumers what the products are."

Reluctant Camera Sellers

Selling cameras still is a sticky subject for many supermarkets. But as price points on the newest aim-and-shoot 35mm cameras come down, and as the number of features the cameras offer increases, camera-seller Fuji suggests that sales opportunities for the whole photo supply category in supermarkets will increase.

"You'll see increased film usage with the growth of high-quality, low-end cameras at $27 packaged in a blister pack," says King.

And, while the film segment may seem uninspiring compared to the other developments in the photo category, it remains lively nonetheless. Fuji continues to supplement its film line. Its Super HG product is benefitting from consumers on the lookout for a better-quality film for their feature-laden aim-and-shoot cameras.

Kodak, for its part, is targeting the environmentally concerned consumer with cartonless packaging for its high-end Ektar film. "The entire remaining package is made of the same material, including the label, so that it can be melted down for re-use," Briddon says. "We've designed a rack for dispensing the film in a self-service environment. We're not sure what kind of impact it will have in supermarkets.

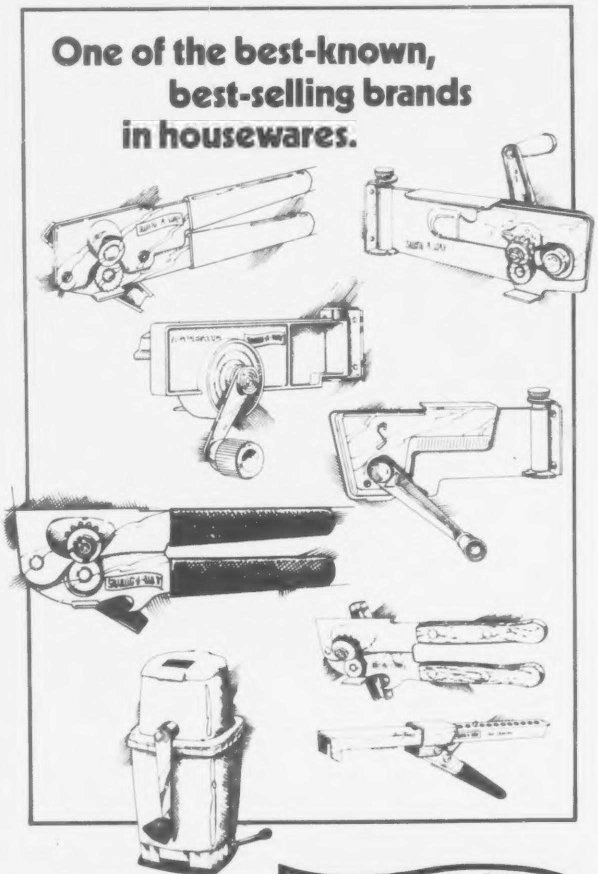
"But if consumer interest is there, it may become an opportunity." —MIKE DUFF

PRODUCE/MCCLURE

Continued from page 23

with Mexico, Chile and other Central and South American countries become a reality well before the end of the decade.

- Much of the produce volume in supermarkets is moving to salad bars, fruit bars and deli departments.
- An entirely new department that will include produce (and items from all the other perishables departments, as well) may evolve before the end of this decade: What will it be called? The *microwave foods* department.
- The demand for pot-ready



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vegetables and ready-to-eat fruit has just begun. Every consumer survey shows that this is what a majority of consumers across the country are looking for.

Finally, and possibly most important, produce departments will become fruit and vegetable "classrooms." Your store will need to become ...

- The primary source of nutritional information (now required by law).
- The source of information on how to select, how to ripen, how to cook, and how to store fruits and vegetables.
- The most important and timely place to get recipes and serving suggestions.
- The place where consumers can be reassured about (and get information on) produce (and all food) safety.

The changes supermarkets will need to make to meet these challenges won't be accomplished easily, or overnight. But you won't be alone—there will be help from commodity organizations, from major suppliers, from state and federal agencies, from your industry associations and your trade publications.

Still, the primary work of adapting to change and meeting the challenges of the 1990s will come, as usual, from today's innovative, hardworking and dedicated supermarket produce professionals ... and it is they who will reap the rewards. ■

CANNED GOODS

Continued from page 130

Progresso, from Pet Inc. (St. Louis) introduced five varieties of Sodium Watch soups in November, 1990. Flavors include Hearty Minestrone, Chicken Noodle, Lentil, Green Split Pea and Beef Vegetable in 10.5-oz. cans. The company also introduced two new regular soup varieties, Corn Chowder and Cream of Chicken, in 18.5-oz. cans. It also lowered sodium levels in its B&M Vegetarian baked beans.

Shelf-Stable Juice Gains

While it would seem that canned and bottled juices and drinks would pose a feeble challenge to chilled alternatives, strong sales gains were posted by apple cider and juice (+9.1%), fruit drinks (+6.6%), aseptic juices and drinks (+5.1%), grape juice (+5.5%) and cranberry juice (+4.3%), according to CES figures.

But sagging sales for grapefruit juice (-10.3%), pineapple juice (-8.9%) and other traditional canned juices held the total category increase to 4.6%, for a supermarket total of just over $3 billion.

Manufacturers can take credit for keeping interest in the shelf-stable juice category alive, with a continuous stream of new products and blends over the past few years. And most continue fine-tuning their product lines to reach new niches and draw new consumers into the shelf-stable juice aisle.

The big new product news for Ocean Spray (Lakeville, Mass.) is the new Refreshers product line, which has a "crisper, less cloying sweet taste" than other juices. The non-carbonated product is expected to be national by next September. The current three-item line, distributed in New England, New York and Chicago, includes Cranberry Orange, Citrus Peach and Cranberry Citrus. Suggested retails are about $2.59 for a 48-oz. bottle, and $2.19 for a four-pack of 10-oz. bottles.

Tropicana's Twister shelf-stable line, introduced a little less than three years ago, expanded this spring with a Light line extension, sweetened with NutraSweet. The product, launched nationally in May, includes four flavors: pink grapefruit cocktail, orange strawberry banana, orange cranberry and orange raspberry. The 46-oz bottles retail for $2.39, and have 18 to 30 calories per serving.

Canned Fish, Meat Ebb

While tuna manufacturers seem reluctant to talk about the impact of the "dolphin safe" tuna movement on supplies and pricing, CES figures show a 6.7% decline in overall sales. That led to a 6.6% decline in the canned fish category, to $1.5 billion in supermarket sales.

Earth Island Institute, the self-appointed watchdog for dolphin-safe tuna, reports declines in dolphin deaths by U.S. fleets from tens of thousands to about 400. But the organization says that ships sailing under the flags of Mexico and other nations still set nets on dolphins, killing many thousands.

—FRANK HAMMEL

CAMPBELL SOUP COMPANY

FAIRNESS STATEMENT

FAIR AND EQUITABLE TREATMENT OF OUR CUSTOMERS HAS BEEN STANDARD PRACTICE SINCE OUR COMPANY WAS FOUNDED IN 1869. TO THAT END, CAMPBELL SOUP COMPANY ENDORSES THE "FAIRNESS STATEMENT" PUBLISHED BY THE GROCERY MANUFACTURERS OF AMERICA IN MAY 1989 AND ABIDES BY THE TERMS OF THE ROBINSON-PATMAN ACT.

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- PROVIDING FAIR NOTICE OF TRADE PROMOTIONS TO OUR CUSTOMERS WITHIN A GIVEN MARKETING AREA.

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Campbell Soup Company

BEER

Continued from page 128

market sales figures appear relatively strong in a flat or sagging market.

"We see more imported beer drinkers picking up smaller units," Beech says. "In the imported beer area, there are some people who buy no matter what the price, but they're buying lesser quantities at a time: a six-pack instead of a case. And they're buying more on a special-occasion basis."

In a tough environment for alcoholic beverages, many leading importers are working to hold on in hopes of better times.

"We're pretty much holding the fort at the moment," says Philip Van Munching, director of communications for Van Munching & Co., Inc. (New York), which markets Heineken, the top import sold in America. "The import business has taken a real hit from the new beer excise tax. It's a goodly amount of money added to the price of a six- pack. In combination with the recession, it has taken its toll.

Weak markets often favor larger companies that have deeper pockets.

Van Munching contends companies that have built brand portfolios intelligently, either through marketing brews new to the U.S. or through consolidation, should enjoy an advantage in the current market. He points to the expansion of Van Munching offerings in the 1980s as an example of how importers can build a strong line-up. The company added Amstel Light in 1980 and Buckler non-alcoholic brew in 1989.

"We've been careful to build in different segments, adding Amstel and Buckler to develop a presence in emerging segments," Van Munching says. "It's insanity to have two Canadian Lagers in the same house, or two or three European lagers."

The flexibility afforded by multiple-brand portfolios helps importers because people are buying less beer, but drinking a greater proportion of it in the home environment.

For the Guinness Import Co. (Stamford, Conn.), this translates into a need to adapt its offerings to the various conditions around the country.

"One way it affects Guinness is that we work to adapt more to a market than another importer with a more-limited product line," says Steve Hauser, group marketing director for Guinness. "Today, we've skewed our efforts more toward brands that do well in supermarkets, such as Moosehead and Dos Equis, Dos Equis particularly in California. We're looking more and more at supermarket displays and other off-premise programs. Each year, our mult- brand strategy increases the penetration of all our products.

"In the past, we've spent the bulk of our promotional budget on on-premise. But we've reallocated. I wouldn't say the majority of our budget is spent on off-premise programs, but we've develop national account teams who work with big customers on a regional basis to develop key supermarket promotions for individual stores and individual brands."

'We haven't gotten into major price-slashing. It's not good business in the long run, because what will consumers say when you try to charge them full price?'—MIKE DUFF

PRODUCE

Continued from page 170

UFFVA, who is the association's point person on organics and liaison with organic growers and processors throughout the country.

Day notes that organic processed products such as baby food have caught on, but organic produce has not. The crux of the matter is that the consumer will not pay for it. "Demand is only as big as the next scare," she observed.

During the 1989 Alar-on-apples scare, organic produce was top of mind. As such, consumers were asking for it and growers were attempting to deliver. But organic produce is not grown overnight: To be certified organic, land that grows organic produce cannot have pesticides applied on it for a three-year period. Some growers were already working toward organic production prior to the scare and were able to get some supplies to market within a year. But for most growers, the move to organic did not begin until 1989. And now, just when they have become able to produce certified organic produce, the demand for it has essentially dried up.

A typical grower reaction comes from The Nunes Company of Salinas, which has temporarily suspended its organic production. "We had to sell at least 50% of our organic production as conventional lettuce because there was no market for organics," Seeley says. "The perception is that organic produce has a worse appearance, but that is not true. We shipped a lot of stuff that looked like diamonds, but still there was no demand. We believe that whenever there is a major event, interest will rise. Interest wanes otherwise."

Seeley said Nunes was not able to get a premium for its organic product. So, since it costs more to grow it, production was suspended.

In short, although there will continue to be a market for organic produce, it will not be a major one. The typical organic produce buyer tends to shop in health food stores, rather than grocery stores UFFVA's Dunlop points out. "In some areas, supermarkets may find a clientele that will pay for organic produce, but I don't think it will be offered in every store anytime soon," he says.

—TIM LINDEN

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* Regional

GREETING CARDS

Continued from page 155

where our growth is coming from. And we've used people who understand the culture to fine-tune our Hispanic marketing for us. For example, our people are very aware that there are more customers of Mexican background in the West; that New York has a core Puerto Rican market; and that Miami is predominantly Cuban."

Sales No Better Than Service

The right product and mix notwithstanding, it's service that makes or breaks a store's greeting card business. To that end, American Greetings this year debuted PROS, a program designed to better organize the various service functions offered by the company. The acronym stands for Product, Research, Opportunity and Support.

For example, when it comes to a product introduction such as Forget Me Not's Nature's Treasures, PROS represents the service underpinning the rollout.

"In this case, the product is designed to capture the interest of specific groups," says Moraczewski. "The research element is that the product is tested either at retail, or in simulated shopping environments. The opportunity is provided by smart promotion. The support comes from an ample sales staff, and in-store merchandisers who get the right products on the shelves at the right time."

To help supermarkets more accurately target their specific market, American Greetings offers a program, Street Smart Demographics. The company uses a data base to determine the demographic mix in the area, and then modifies its products and promotions to suit it. So if a neighborhood is dominated by traditional families, more birthday and anniversary cards will be offered. In a singles neighborhood, more Forget Me Not lines such as Couples would appear.

Developing and applying information at the individual store level is important for all card makers, says Ambassador's Fendley. "Today, you have to have cards that appeal to the people in a particular neighborhood. It's also critical to fine-tune your displays accordingly. The hardest part of our job today is making sure displays and promotions fit a particular store."

—MIKE DUFF

SOFT DRINKS

Continued from page 176

all natural as well, with no preservatives or additives. We have a sports drink made the same way and there's no other such sports drink. New age, natural products are the beverages of the 90s."

Nora Beverages U.S.A. imports Naya brand spring water from the Mirabel, Canada wells of its parent, Nora Beverages Inc. According to Stu Levitan, vice president for marketing, health consciousness—influenced by demographics—has created the market for his products.

"There is a heavy focus on being healthier and the diet itself has become something of concern," he contends. "Another aspect of the trend is that people see the damage being done to the environment, and that concerns them when it comes to beverages they consume. They're starting to worry about what's going into their bodies. People are drinking alcoholic beverages less. Baby boomers are the swell of the population and their bones are starting to creak."

Better Than Tap Water?

"You can't get what we offer out of the tap," says Rick Scoville, president of Artesia. "A lot of people won't drink what comes out of the tap. Water supplies are becoming tainted. New Orleans and Houston are in areas where there are petrochemical industries and the water in those places is really tainted. The Environmental Protection Agency guarantees that water will be disinfected, not that it will taste good. By law, tap water has to be chlorinated. But our standards are way beyond those of FDA."

Still, companies such as Artesia frequently run afoul of watchdogs who question the advantages they offer to consumers and accuse them of deceptive activities.

Last year, Perrier got a blitz of bad publicity, after a lab doing work unrelated to the soft drink business accidently discovered traces of benzine in the "Earth's First Soft Drink." Perrier then pulled its products from supermarket shelves. Initially hailed for its action, in the ensuing media scrutiny questions were raised about how the product was processed and bottled. And Perrier was forced to remove its "Naturally Sparkling" claim from the product when it was discovered that carbon dioxide from its well was removed and reintroduced during the bottling process.

This year, Artesia was attacked because it uses the same aquifer as the city of San Antonio. While the company rode out the criticism, Scoville says that the attacks betrayed a degree of ignorance about water bottling companies and what they offer.

"In our case, we have our own artesian well," he says. "I draw the analogy of drilling for oil. Your neighbor can sink a well and hit oil, but you sink one and you don't. Just four miles away from our source, you can drill a well and get salt water. The properties of the water depend on where the well is and how it's collected. When a city draws water, it chlorinates the water, it draws it through old pipes, sometimes lined with asbestos.

"What you have to worry about is companies that are bottling tap water. It actually happens. Companies draw their water from a municipal water system. That seems like a scam."

Questionable Claims An Issue

Adult-oriented beverage companies do occasionally run into credibility problems when some operators make claims that may be regarded as insubstantial, or that present their products in questionable terms. Citrus Hill orange juice was pressured into dropping the "Fresh" claim for its orange juice, and other beverage suppliers have been attacked for making claims that they are "natural" or "100 percent juice."

Coca Cola already is targeting bottled waters. Available to about 65% of the U.S. until its marketing expansion in February, Coca Cola's Fresca citrus soft drink is now set to compete against a broad array of waters, including the flavored waters that have entered the market recently.

Bigger Target Eyed

"Fresca is the first soft drink positioned against bottled waters," Bertini says.

Targeting the same consumer group is Ocean Spray (Lakeville, Mass). According to Joan Segal, business unit manager for "Refreshers," "What we are calling adults is a category of 25-to-49-year-olds we are going after. There's 90 million of them versus 22 million five-to-19-year-olds, the group traditional soft drink manufacturers go for.

"People are looking for products that lack negatives, alcohol, caffeine," says Segal. "Adults are looking for products that are less sweet."

With all the activity and new products in the adult-oriented beverage arena, the question arises: Are we seeing the birth of a new category, or its fragmentation (as happened in the frozen food case in the 1980s, as fried chicken and french fries gave way to diet, health-oriented, ethnic, and gourmet products)?

Some see a new category emerging, but Peter Vitulli, Gatorade president, says the products really constitute separate categories, even if everyone making them is after the same consumer.

"We're targeting everyone who gets thirsty," he asserts. "But we're offering people more options than ever before. I don't think consumers bunch all these products together. I think what goes on in the consumer's mind now is: If I get thirsty, what are my options? People drink soft drinks for a number of reasons and they're looking for different things. The difference we offer is we do a better job of quenching thirst. People today are more health and exercise conscious, and that plays into our hands.

"What consumers are looking for is alternatives."

This year Tropicana added a light product line to complement its Twister products and to appeal to more calorie concious consumers.

In addition, the company debuted Tropicana Juice Sparkler, a juice product with light carbonation in four flavors: orange, grapefruit, cranberry and wild berries.

But the Sparkler introduction was not without problems. During the January rollout, the company had to recall the product because it discovered that the chemical action of some spoiled product could cause a small percentage of the bottles to explode. The product subsequently has been reintroduced. And the company still holds out high hopes for Sparkler.

"We've seen a dramatic increase in the consumption of juices, bottled water and caffeine-free beverages," says Robert Soran, Tropicana President. "Last year the (sparkling juice) segment grew despite the fact that it had little the attention or advertising support. With our support and terrific-tasting product, we expect the segment to experience phenomenal growth."

—MIKE DUFF

PET FOODS

Continued from page 164

these specialty products, they are asking for a greater share of shelf space.

To assure that they get that space, as well as the consumer attention and sales that will enable them to keep it, a number of pet food companies are trying to replicate the merchandising techniques of specialty stores ... such as free-standing display units.

Kal Kan and Purina, for example, have special "system" merchandisers that are cut into the pet food gondola. They're designed to display the supplier's line as a whole. The idea is to encourage "meat-and-meal" combination feeding and drive up the average pet food sale. Also, of course, the hope is that shoppers will stay within the manufacturer's own line to do so.

But nothing is a complete solution, and no miracles should be expected simply from a new merchandising fixture, Milone notes.

It would help, he says, if supermarkets would find ways to help encourage higher-margin super-premium sales. "I believe that grocery stores can do a better job of communicating the nutritional merit of their products, rather than competing on price alone," he points out.

The alternative, says Milone, is to allow sales to continue shifting to other outlets as soon as the recession ends...not just to specialty pet stores but to other retailers who are putting more emphasis on pet foods: mass merchandisers, discounters and warehouse clubs.

In the meantime, it has been left to suppliers to "sell" the super-premium concept to consumers. But this is difficult in today's retailer/supplier climate, several manufacturer executives observe. Explains one: "Retailer clout is increasing, and they're demanding lower prices and higher payments. As manufacturers are squeezed, they have no choice but to cut back on ads."

—SANTIAGO MONTERO